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China Report

ECONOMIC AFFAIRS



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27 June 1984

CHINA REPORT

ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

DEVELOPMENT OF TOWN AND TOWNSHIP ENTERPRISES DISCUSSED

Beijing BAN YUE TAN [SEMI-MONTHLY TALKS] in Chinese No 6, 25 Mar 84 pp 11-14

[Article by Xue Zhongxin [5641 0022 2450]: "Developing Township and Town Enterprises Is A Major Policy"]

[Text] When people talk about enterprises they usually think of big industries and enterprises in the cities. Those spacious factory buildings, modern facilities, the enormous amount of value of production and profits and commodities related to the livelihood of the people well demonstrate their place and function in the national economy. And people often regard small town and township enterprises and industries as less significant, as "rustic and countrified, small and trivial and not instrumental in the entire context."

Town and township enterprises (including commune and brigade enterprises, joint enterprises by peasants as well as individuals) indeed do not look as grandiose as big enterprises in the cities; however, they embody functions that cannot be replaced by big enterprises--functions that are strategically significant in China's socialist modernization construction.

First of all, the town and township enterprise is an unprecedented notion that changes the production modes of the 800 million Chinese peasants and is uniquely Chinese in the context of socialism. There are presently 1 billion people in China, and 800 million are peasants engaged in production. As has been pointed out in this year's Central Document No 1, should this situation remain unchanged, the economic conditions of our peasants will never take a turn for the better, our country will never be stronger and the four modernizations movement consequently will not be realized. In some industrially advanced nations the population engaged in agriculture is less than that in industry. How have those countries been able to accomplish this? In capitalist countries, the primitive accumulation of capital as well as the robbing of peasants by capitalism forced numerous peasants into bankruptcy and eventually into becoming workers. Ours is a socialist country; we cannot follow suit. As the rural economy reaches a certain stage in its development, we can only guide some of the people to depart from agricultural activities but remain in the rural areas. We should guide them to transfer to industrial factories located in rural areas and to become specialized households and priority households engaging in the livestock industry, forestry, fisheries, construction and town and township enterprises of all shapes and sizes in order to

generate more revenue. The development of town and township enterprises is the backbone force that enables our agriculture to progress from self-sufficiency and semi-self-sufficiency to an economy characterized by the mass production of commodities.

At the present time, town and township enterprises appear primarily in the form of commune and brigade enterprises. As of 1983, they have already assimilated 31 million people out of the rural surplus labor force. According to statistics, by the end of this century, the rural labor force in China will reach 450 million. By that time, industries related to soil cultivation will be able to accommodate no more than 30 percent of the labor force, and forestry, animal husbandry and fisheries no more than 20 percent; less than 10 percent will be able to work in the cities. And where can the other 40 percent, nearly 200 million laborers, go? They have to "depart from agricultural activities while remaining in the rural areas," and they have to work, in towns and townships, for construction enterprises, transportation enterprises, commercial enterprises and other service-related enterprises.

Second, the town and township enterprise is an inevitable phenomenon once the rural economy has reached a certain stage. Town and township enterprises have become important in supporting rural economy. Commune and brigade enterprises have provided capital for agricultural production, farmland irrigation facilities, transportation facilities, the introduction of modern agricultural technology and the nurturing of agricultural and technological talent. In the 4 years from 1979 to 1982, commune and brigade enterprises spent more than 8 billion yuan on agricultural capital construction and the purchase of agricultural machinery. This figure accounted for 73 percent of the money spent on capital construction in agriculture, forestry, animal husbandry and fisheries (including state-operated farms, forestry industries and meteorological industries) during the same period. The money spent on collective welfare enterprises in communes and brigades and other collective causes was 79 billion yuan. In areas where commune and brigade enterprises are more developed (e.g., rural areas near Beijing, Tianjin, Shanghai and some areas in Jiangsu and Zhejiang), the peasants' income generated from commune and brigade enterprises accounted for 50 percent to 60 percent (in some cases even 70 percent) of the gross income. The average income of peasants in these areas was between 400 and 500 yuan. A household of five was able to make more than 2,000 yuan. This was higher than the average income of an urban family. Peasants describe this phenomenon as "there is not even one worker that is not well-off." The prediction made by Marx--"the convergence of the living standards of the population engaged in agricultural activities and of the population engaged in non-agricultural activities"--(i.e., the urbanization of rural villages) has already taken place in the rural areas in China.

Third, commune and brigade enterprises are the material basis in the establishment of small towns and townships. During the process of the primitive accumulation of capital in the capitalist societies, numerous peasants suffered bankruptcy, drifted into the cities and became targets of exploitation by industrial capitalists. We not only have to prevent peasants from experiencing bankruptcy, we should plan their future for them. They should not concentrate in big cities but should spread out in medium- and small-size cities and towns. Commune and brigade enterprises offer a future for the rural surplus

labor force and surplus labor time. Right now there are already more than 10,000 small towns that have commune and brigade enterprises as their backbone and are characterized by an integration of cities and towns, workers and peasants. Some small cities and towns have become local political, economic, cultural and educational centers that are links between cities and towns. Some peasants have characterized it well by saying that "we do not have to leave our native villages and towns in order to enjoy city life." Therefore, developing town and township enterprises is not only an important method through which peasants can become rich by working hard, it is also an important channel through which we can urbanize our rural areas. After peasants have become wealthier, and after small towns with the strengths and characteristics of cities have been developed, urban dwellers and urban industries will be attracted to move into rural areas. This not only will decrease the urban population but will also make the rural areas more prosperous. It is a move that will kill two birds with one stone; why shouldn't we do it?

Fourth, the development of town and township enterprises is closely tied in with China's socialist industrialization. Marxism tells us that the spread of industries from the cities to the rural areas is an objectively inevitable process. The missions of socialist industrialization are to integrate industry with agriculture, to position industries evenly all over the country and to eliminate gradually the differences between industry and agriculture and between urban and rural areas. Last year, the gross value of production of China's commune and brigade enterprises totaled more than 72 billion yuan, which accounted for 11.7 percent of the gross value of industrial output of the entire country. The value of production of the commune and brigade industries in Jiangsu Province accounted for 20 percent of that of the entire province. And in Wuxi City the value of industrial output of the commune and brigade industries accounted for one-third of that of the entire province. Some sectors and products such as coal, minor plumbing equipment, bricks and tiles, sand and gravel, small- and medium-size farm tools, embroidery and woven products already took up a considerable percentage. Commune and brigade enterprises should complement and integrate with big industries and become indispensable supplements to big urban industries. As we develop urban industries, we only have to prevent town and township enterprises from fighting with big enterprises over raw materials and energy resources. If the industries that process agricultural by-products can be properly developed in the rural areas, then they should not be developed any further in big cities. These industries should be located in rural villages and be handled by peasants. We should encourage big industries to transfer to commune and brigade industries the production of some commodities. This will change the present unreasonable positioning of industries in China and open up a road to socialist industrialization suitable especially to China. We can witness, in the near future, an industrial system whereby modern urban industries complement, integrate and coordinate with modernized town and township industries.

The cadres and people of southern Jiangsu Province where commune and brigade enterprises are, by comparison, more developed described it well: As for the commune and brigade enterprises, "commune members are devoted to it, basic-level cadres like it, city and township development needs it and various branches of industry support it. We hope our leaders will treat it in the proper

manner." The Central Committee has made the development of town and township enterprises a major policy in order to increase production in the rural areas and make the rural economy more responsive. This year's Central Document No 1 points out that as each branch and sector in rural villages is given its own workload, more and more people will disengage themselves from agricultural activities and switch to industries such as forestry, animal husbandry, fisheries and others. More and more people will transfer to small-size industries and service-related sectors in towns with concentrated development. This is an inevitable historical progress that will make industry development more intensive and extensive and will redistribute the population as well as readjust the locations of industries.

Our policy toward town and township enterprises is to give appropriate support, guidance and management so as to enable them to develop wholesomely. As long as we adhere to this kind of policy, town and township enterprises in China will certainly develop on a large scale. A network of widespread modern towns and township enterprises in rural areas across the entire country will surely accelerate the pace of our modernization movement. The future of the modernization of China's rural areas is dependent upon town and township enterprises. The future of town and township enterprises is promising!

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ECONOMIC PLANNING

WUHAN TO BE BUILT INTO ECONOMIC CENTER OF CENTRAL CHINA

Wuhan WUHAN DAXUE XUEBAO [WUHAN UNIVERSITY JOURNAL] in Chinese No 6, 28 Nov 83 pp 71-78

[Article by Li Chonghuai /2621 1504 3232/: "Take Off on 'Two Wings' and Build Wuhan Into an Economic Center That 'Links Central China Within and Leads to the Seas Without'"]

[Text] It has been several months since discussions on the strategy of Wuhan's economic and social development were launched. During this period I listened to a number of enlightening remarks and read a number of valuable articles which have greatly inspired and helped me. They improved my understanding of this question. Here I shall reiterate my and some comrades' ideas on strategy in Wuhan's economic development:

Setting out from its position as the national communication center and taking off on the wings of communications (which includes transportation and telecommunication) and circulation (which includes the circulation of commerce, materials, currency and information), we are to build Wuhan into an economic center that "links Central China within and leads to the seas without," or "links the nine provinces within and leads to the seas without." (Here an economic center means a center of communications and transportation, a center of domestic trade, a center of foreign economic trade, an industrial base, a collection and distribution center of agricultural and rural subsidiary products, a center of finance, a tourist center, a scientific and technological education center, an informational, advisory and service oversight center, etc., in other words, a center of many functions.) And it will give an impetus to and bring about great progress in the overall, rapid economic growth of Wuhan as well as of the Hubei areas and related inland provinces.

In drawing up a strategy for an area's economic development, we must take the following main points into consideration: (1) the conditions to be relied on, that is, the characteristics and advantages of this area; (2) the objectives to be accomplished; and (3) the main means or ways to be applied to reach these objectives. In the following I will attempt to explain these points.

I. Wuhan's Characteristics and Advantages

There are many conditions that will enable Wuhan to become the economic center of a vast area. The main ones are:

(1) Wuhan has an appropriate geographic situation. The Changjiang traverses from east to west. The Beijing-Guangzhou railway line runs from north to south. With road, water and air transportation linking up various parts of the area, Wuhan is our country's largest domestic communications and transportation center.

As far as water transportation is concerned, Wuhan is situated at the middle reaches of the Changjiang River and the mouth where the Hanshui enter into the Changjiang River. With the Changjiang and Hanshui as the main waters, the water transportation system links up the lakes and rivers of Central China, forming a vast water transportation network. From Wuhan eastward to Shanghai it is 1,125 km long on the Changjiang where all year round 5,000-ton steamers can navigate and during high-water season 10,000-ton ships can navigate. From Wuhan westward to Chongqing it is 1,375 km long, where all year round 2,500-ton steamers can go up to Yibin during floodwater season. Going upstream via Tongtinghu Lake, ships can go to the Xiangshui, Zishui, Yuanshui and Lishui Rivers, while going downstream ships can go through Jiangxi, Anhui and Jiangsu Provinces to Poyang Lake, Qiao Lake and Tai Lake. Northward along the Hanshui River the waterway leads to Shaanxi Province and links tributaries such as the Danjiang, etc. Small passenger and freight liners can reach Xiangfan, and small tugboats can reach Guanghua. There are 214 rivers in Hubei Province. The all-season wooden boats can go as far as 6,000 km and can reach as many as 30 cities and towns.

As for railway transportation, the Beijing-Guangzhou line connects the northern and northeastern provinces, a through route to the northern part and the northeastern border of China. It is also linked with the Gansu-Qinghai and Lanzhou-Xinjiang lines in the north, Erumchi in the west, Lianyungang in the east and Guangzhou and Shenzhen in the south. It is connected with the Hunan-Guangxi line in the southwest and can reach Nanning and Zhanjiang. The Wuhan-Danjiang (?) leads directly to the northwest, connecting Jiaozhi, Xiangyu and Yang'an Counties, reaching into Sichuan, Shaanxi, Yunnan and Guizhou Provinces. Within the province the Wuhan-Daye line is at present being extended to Shahejie, Jiangxi Province, and will connect with the Hunan-Jiangxi and Yingtian-Xiamen lines, directly reaching our southeastern corner of Fuzhou and Xiamen.

As for highway transportation, there is already a dense highway network in Hubei, with Wuhan as the center. Five main lines traverse in and out of Wuhan, reaching Henan, Anhui, Sichuan, Hunan, etc., Provinces. For air transportation, there are nine routes in and outside of the province, with eight routes crossing the border. From Wuhan one can reach all large key cities in our country.

Thus we can see that Wuhan's communications and transportation lines link up all parts of the country. Historically, special local products from Hunan, Yunnan, Guizhou, Sichuan, Shaanxi, Henan, Jiangxi, Anhui and Jiangsu Provinces were all transported to Wuhan and collected and further distributed there. It was known as the "thoroughfare of nine provinces." Now with the addition of railways and highways, there are far more than nine provinces which we can reach directly. They are more than 10 provinces. And with indirect through transportation we can reach anywhere in the country.

This is the most important condition that enables Wuhan to become an economic center. After reading about Comrade Tong Dalin's /4547 1129 2651/ ideas on the general national strategy ("Leaning on the east, moving westward and letting the south and the north convect"), I feel that Wuhan is just situated in the middle of the "+" in his strategic idea, that is, it is at the intersection of the main arteries of the south-north railway (the Beijing-Guangzhou line) and the east-west waterway (the Changjiang River). This special feature is Wuhan's exceptionally endowed strategic advantage. No matter how the strategy on future national economic growth is worked out, this special feature and superior characteristic are unchanged. Of the other conditions some of our other large cities may also have, only this special feature cannot be substituted by any other center. Even without other conditions, this alone can make Wuhan into a large economic center. However, in the past we did not pay enough attention to water transportation and the construction of ports, and railroad and road vehicles are not sufficient to satisfy the needs. Thus this superiority was not fully developed.

(2) Wuhan has a fairly good commercial basis and has been a domestic trade center throughout history. As Wuhan has been a vital communication passage ever since ancient times, it has been for a long time our important trading place. Way back in the time of the Three States, Xiakou (today's Hankou) and Sninyang (today's Hanyang) were already well known. In the late Ming and early Qing dynasties, Hankou, together with Zhuxianzhen, Jingdezhen and Foshanzhen, was called the four famous large towns under heaven. In the mid-19th century Hankou became a foreign trading port. Commerce was then even more flourishing. At the beginning of this century Hankou's trade volume surpassed for a time that of Tianjin and Guangzhou and was second only to Shanghai. In the 1930's Wuhan's domestic trade volume still ranked second, but its foreign trade volume dropped to the fifth position. The total volume of domestic and foreign trade ranked third. In 1936 its freight volume reached 20 million tons. Then not only special local products from interior provinces were collected in large numbers first in Wuhan and further transferred and sold at other places, but a large number of agricultural and rural subsidiary products were also exported directly through Wuhan. For example, in 1936 99 percent of the plaster stone, 80 percent of the tung oil, 40 percent of the cotton and iron ore, 34.6 percent of the tea and 16.4 percent of the bristles for export purposes were transported out from Hankou. Then Wuhan's commercial circles accumulated a considerably rich experience in commodity circulation channels, information on market conditions, wholesale and retail transportation and sale, export and import, processing and sorting, storage and shipping, customs declaration and duty paying, capital circulation, etc.

Since the founding of the People's Republic, Wuhan's commercial development has been greatly restricted because of the neglect of commodity circulation, the inability to conduct direct foreign trade for a long time and, in addition, the shortcomings in the economic management system. However, with such factors as its long history, superior geographic conditions, convenient communications, broad market, rich experience and quick access to information, etc. Wuhan has a great potential for launching domestic and foreign trade.

(3) Its industry has a rich material and technological base. In the 30 or so years since the founding of the People's Republic, Wuhan has formed a comprehensive industrial base with fairly complete departments, with iron, steel, machinery and textile as the main ones and light industry, chemicals, electronics and building materials at a certain level. There are 3,381 industrial enterprises in Wuhan. At the end of 1982, among the 25 large and medium cities, Wuhan's industrial and agricultural output was second only to Beijing, Tianjin and Shanghai, thus ranking fourth. Its metallurgical industry ranks third, and its textile industry is one of the five national textile centers. In machine tools it ranks fifth. The modern Wuhan Steelworks of the 1970's has a 1.7-meter rolling mill. Its potential for industrial production is great. But due to such reasons as an imperfect management system, backward technological equipment, lack of funds for renewal and transformation, bad management, hindered markets, insufficient supply of raw materials, bad product sales, etc., the utilization rate of many of the enterprises' equipment is very low and the economic results are not great.

(4) Wuhan's institutions of higher education, scientific research and design are fairly concentrated, with fairly comprehensive specializations and a rich intellectual base. At present Wuhan has 27 institutions of higher education, with more than 2,000 professors and associate professors, second only to Beijing and Shanghai, ranking third among the big cities of our country. It also has 130 or so research institutions in natural science above the city level, with about 12,000 scientific researchers, among them nearly 500 senior and associate research fellows, thus occupying third place. There is a total of more than 20,000 scientific, technical and engineering personnel. This rich scientific and technological force, if properly organized, can play a great role in promoting economic development.

(5) Wuhan has rich water and electricity resources. The exploitable electricity resource within the limits of 400 km west of Wuhan is about 20 million KW--16 million KW from Gezhouba Dam, 1.5 million KW from Danjiangkou and 2.5 million KW from Qingjiang. The development of the various modernizing branches all need electric energy, especially industry. Rich water and electricity resources naturally help economic development greatly. Although these resources are not in the city districts, being situated in a favored position like "a waterfront pavilion which gets the moonlight first." This superiority cannot be compared to any other large city in the country.

The abovementioned are the main conditions and advantages which will enable Wuhan to become the economic center of Central China. Even though these advantages have not been fully brought out, their existence has already made Wuhan more or less the economic center of the neighboring regions. But this is not yet the economic center we want and its role has not been brought into full play.

II. Choose Strategic Objectives

Our goal is to build Wuhan into an economic center. There is not much debate over this. If we do not adopt this goal to build Wuhan into a fair-sized economic center as our strategic objective and limit the objective of our

struggle only to the economic growth of Wuhan itself, its contribution to the whole nation then will be very limited. Only if Wuhan's economic development brings along and promotes rapid economic growth in related areas, can it bring into full play its role in accomplishing the general mission of our new era and in reaching our strategic goal at the end of this century.

However, it is not enough to build Wuhan into an economic center. Economic centers can be large or small. As indicated above, Wuhan is, more or less, already an economic center, whether you admit it or not. Many of our large and medium-size cities are or will become economic centers in their related regions. So mention of an economic center alone is not sufficient to explain the special features and advantages that Wuhan has as an economic center and that are different from other economic centers. Therefore, it is necessary to embody in our strategic objective its characteristics and the scope of this economic center; this way we can explain more distinctly the objective of our struggle.

During the discussions there were quite a number of wordings used to describe the strategic goal of Wuhan's economic growth, for instance, "economic center of Central China"; "plant our feet in Wuhan, keeping in view Hubei Province and the rural areas"; "plant our feet firmly and develop in a radiating way"; "face interior and keep rivers and seas open"; "rely mainly on industry, bring along commerce and communications"; etc. After considering again and again, I think that it is more practical to use the phrase "link Central China within and lead to the seas without." It would be more daring to say and would reflect more of Wuhan's characteristics that "link nine provinces within and lead to the seas without." The reasons are:

(1) it stresses Wuhan's historical characteristic as it is located in Central China and was a "thoroughfare of nine provinces." As for which provinces belong to Central China and whether Central China includes Hubei, Hunan, Jiangxi, Henan and Anhui can be discussed. Originally the nine provinces meant Hunan, Jiangxi, Anhui, Jiangsu, Henan, Shaanxi, Sichuan, Yunnan and Guizhou. Now there should be more than these nine provinces, since Hubei Province is where Wuhan is situated and naturally should be included to be "linked within." The so-called "nine provinces" here merely give one a vivid elucidation of the scope of what Wuhan "links within." It does not mean to put the "nine provinces" strictly under the administration of the economic region formed with Wuhan's backing. As a matter of fact, the scope of what it "links within" can be larger than nine provinces or smaller, depending on the needs of the economic activities in the future. Moreover, economic activities should not have a boundary line. One of our important goals in building up economic centers is to break free from created barriers, handle things according to the law of economic activity and establish a rational economic network. If we stick to a delimited "boundary line" we will create new barriers. Even if in the future economic regions will be formed with the large cities' backing, I do not approve of any strict boundary lines, which would prevent economic activities from intersecting and permeating each other and thus are unfavorable to our national economic growth.

(2) The production in Hubei and other interior provinces is mainly agricultural, although not just agricultural. The phrase "link Central China within" or

"link nine provinces within" also means "face Hubei," "face rural areas" and "face the interior." The connotation can be even broader. For instance, the development of each province in forestry, husbandry, subsidiaries, fishery, industry, science and technology, etc. can also be included in "linking Central China within."

(3) The phrase "lead to the seas without" is not at all surprising for a coastal city. However, we can rarely, among the interior cities, find one that leads to foreign seas. Wuhan probably is the only one among key interior cities. Before the liberation Wuhan was already a port of foreign trade. In 1980 the state approved it as a foreign trading port. With the completion of the construction of the harbor, 10,000-ton steamers will be able to go directly to the ocean, thus making Wuhan the center of Central China or the nine provinces to trade and carry on economic contact with foreign countries. Thus some of the foreign trade goods and economic contacts that had to be centralized in the past in Shanghai and other ports can be transferred to Wuhan, and this way it can save tremendous transportation costs and time, alleviate the burden of Shanghai and other ports and bring into full play Wuhan's role as the link of the nine interior provinces.

Both phrases "link Central China within and lead to the seas without" and "link nine provinces within and lead to the seas without" are fairly concrete and reflect Wuhan's characteristics and advantages. The latter especially embodies the magnificent spirit of Wuhan as a superb key city.

So here we propose two strategic objectives as choices: "Link Central China within and lead to the seas without" or "link nine provinces within and lead to the seas without." The former objective can be called the "low objective", and the latter can be called the "high objective." Please give consideration to which one is appropriate.

I once mentioned that we should build Wuhan into the "Chicago of the East." This was only a vivid likening to mean that Wuhan will become the second largest city of the country, second only to Shanghai. There are some similarities between Wuhan and Chicago in terms of their geographic positions and their economic roles.

III. Why Must We Take Off On the "Two Wings?"

In terms of the main means or ways that are to be applied to achieve the above-mentioned strategic objectives, my original proposal was "to begin with strengthening the conditions of communications and transportation and develop vigorously commerce,..." or "to begin with communications and transportation...." Someone has changed this into "taking off on the two wings, communications and circulation)." I think this wording is good. The idea of seeing communication and circulation as two wings taking off on the two wings, thus bringing along the entire economy, is even more vivid and explains more clearly the relations between the two wings and the main body (the economy). The economy is mainly production activity. When we say to take off with two wings, we do not mean that only the two wings fly and the main body does not move. Can a bird fly on its two wings without moving its main body? No, without moving its main body, the

bird cannot fly up. When we put the emphasis on beginning with the "two wings," some people misunderstood us, thinking that we are advocating "purely commercial development and breaking away from the development of industrial production." Some emphasize that we must "first enable industry to get a firm foothold and increase the strength of the city's industry." I neither oppose "first enabling industry to get a firm foothold" nor oppose "increasing the strength of the city's industry." I think we should do it while we are strengthening the "two tongs." Successful implementation of the "two wings" will open the way to great industrial growth. The question is: Should we take communication and circulation as the wings, or should we take industry as the wings?

There are two questions here that need to be solved: One is a practical one, the other is a theoretical one. The practical question which is related to the strategic objective we want to reach is: What is our strategic objective? If we proceed from the development of Wuhan itself only, I agree that we should place the consolidation and transformation of our industry in the first place. However, our goal is not to build Wuhan only, but to build Wuhan into a regional economic center. An economic center and its related region are interdependent. Without its related region, the center does not deserve the name of center. Without the center, the region cannot become an economic region, like a plate of scattered sand. There must be a certain link between the center and its region, and there must be certain links among various points of the region. This way an economic network will take shape with the key city's backing. Otherwise the circulation of commodities, materials, information and money between the key city and the region cannot be carried on. However, this kind of link must rely on communications and commerce, with the former providing channels of circulation and the latter providing the organizers of circulation. Neither can be dispensed with. In this, industry cannot help. Without the "two wings," industry may be able to produce more, but the produce cannot be transported to places where they are needed.

I have once likened the economic center of a region to the heart. The function of the heart is to be in charge of the circulation of blood throughout the whole body. Communications and transportation conditions are blood vessels, and commodity circulation is blood circulation. Without blood vessels and blood circulation the heart cannot function. Similarly, without the "two wings," the key city cannot bring out its function as an economic center. Therefore, the "two wings" are conditions of the first importance for a city that can become an economic center of its region. An economic center is first of all a center of communication and circulation. Without large industry a city can still become an economic center of the related region, but without the "two wings" it cannot be an economic center of its region. Furthermore, I believe that the extent to which a city can become an economic center, or of the role that this economic center can play, depends on what the conditions of the "two wings" are. If the conditions are bad, the economic center will have a small role; if the conditions are good, it can have a large role. We are not saying that Wuhan does not have "two wings." It has, but the potential in the "two wings" has not been brought out; thus there is need for improvement. This reasoning is not only applicable to Wuhan, it is also applicable to other key cities. We might as well say that it has general meaning. That is, as far as such a system of regions with economic centers is concerned, economic centers must carry out

successfully the "two wings." As far as the large system of our entire country is concerned, the same is true. In the past, under the influence of "left" ideology, we did not attach any great importance to the "two wings" and ran into great debts. For a time Wuhan had a coal shortage, which had a severe effect on production. The reason was stagnant transportation. Now our government has included the strengthening of communications as one of the important elements of national priority construction and has included commodity circulation system restructuring as one of the main elements of system restructuring, which is absolutely correct.

The theoretical question, a question that has not been successfully solved for a long time since the founding of our People's Republic, concerns the relations between production and circulation or the relations between industry and commerce.

Ever since the founding of our People's Republic, there have been for a long time different views on whether production in the socialist system is still commodity production, including the means of production. The question has at last been solved. However, it seems that there is still some lack of understanding of a commodity's characteristics. A commodity is a product produced for exchange. It is different from a product for direct distribution. It can reach the user's hand and bring about its value only through the circulation chain. If a factory cannot buy the raw material it needs, its reproduction stops. If it cannot sell its products, its product value cannot be reached, and without funds to buy raw materials and pay wages, the reproduction cannot be carried out. The process of commodity production for the whole society is the process of the interaction of production and circulation. (Here we will not discuss other links.) Production decides circulation, industry decides commerce, but in turn, circulation influences production, and commerce influences industry. They condition each other, enhance each other and also restrict each other. With the development of productive forces, the more advanced the socialized production becomes, the more detailed the division of labor and the stronger the cooperation will be, and the higher the demands will be on circulation and commerce. In other words, the more the production grows, the more industrial branches there will be and the more frequently will exchange occur; thus, circulation must be carried on more smoothly and commerce must be more advanced. Production and circulation, industry and commerce must advance side by side, so that social reproduction can go on smoothly. However, in the past under the influence of "left" ideology, emphasis was put again and again on production, production and production. Social needs were disregarded, and circulation was not considered important. The main means of production were distributed directly, and thus did not enter circulation. People who engaged in commerce were considered inferior to others. For a time commerce was even considered by some people as something capitalistic. In some areas commercial organizations were cut drastically. And as the emphasis was placed on centralization and unity and on using administrative means to manage the economy, there was no distinction between the administration and the enterprise, and barriers were created. The large organic social production was cut to pieces. In circulation alone, we could find such things as overlapping organizations with too many "in-laws" and too many levels, links, artificially imposed obstacles and barriers but very few wholesale and retail organizations, few circulation channels and an irrational flow of commodities (such as roundabout transportation, reverse

transportation and curve transportation), etc. Wuhan had 2,075 wholesale warehouses in 1934. The number dropped to 1,384 in the early years after the liberation. As of now the whole city has only 160 or so wholesale network outlets. Yet the city population has increased several times. This is obviously unsuitable. As the "two wings" were blocked, production, supply and sales were not in line with each other, and the circulation of goods was impeded. Many raw materials needed by industry were in short supply. The renewal and transformation of equipment encountered great difficulties. Products were overstocked and did not sell well, causing shutdowns, insufficient operation, a low equipment utilization rate, etc. The economic results of Wuhan's industrial production were not great. Besides such reasons as a faulty management system, bad management and administration, backward technical equipment, "eating from the big pot," equalitarianism, etc., the blocking of the "two wings" was also an important reason. In sum, the "two wings" in the past were not overdone but were insufficient and unsuitable to the needs of economic development. Therefore, our present main task is to enable the development of the "two wings" to catch up with the needs of production development and not to let them hold back economic growth. This is why we emphasize again and again the reasons why we must get Wuhan's economy to take off by strengthening the "two wings."

IV. Twelve Strategic Measures

To reach the abovementioned strategic objectives, we must first develop the "two wings." However, the "two wings" alone are not enough. They must be in coordination with other important strategic measures. Based on the suggestions made during the discussions, with my own thoughts I propose the following strategic measures for exchanging views:

(1) Strengthen the conditions of communications and transportation. The railways and highways in the Wuhan area have a fairly good base; in the future, we must mainly increase the number of vehicles and improve management. I hope that the central authorities will quickly have the Wuhan-Dalian? and the Zhejiang-Jiangxi lines connected. As of now, priority should be placed on the improvement of water transportation, fully utilizing the convenience of Wuhan's being situated at the middle reaches of the Changjiang River, with rivers and lakes providing us with water transportation. Transportation expenses are the significant cost of every industry or trade. Generally speaking, air and highway transportation costs are the highest, railway transportation costs are next and water transportation costs are the cheapest. The Changjiang River is the main artery of our water transportation and is called China's Mediterranean. With channel regulation, its transported freight volume can reach that of 14, even 20 railroads at a much lower cost. But in the past this "golden channel" was not effectively utilized. Transportation on the Hanshui River and interior lakes and rivers was not developed either. The main measures for developing water transportation in the future should be: 1) We hope that the central authorities will complete the building of the deepwater port near Yangluo south of Hankou as soon as possible, if necessary, by utilizing foreign funds, so it can berth and load and unload seagoing vessels of over 10,000 tons. We must also have good docks, warehouses, loading and unloading (container transport to be popularized) and transporting equipment. 2) We must regulate the Changjiang channel, especially the section from Hankou to Yangluo. It is said that with channel regulation four

ships could navigate side by side, and at the same time the soil on the two banks could be utilized. 3) We must develop vigorously the shipbuilding industry, building a large number of small motor-driven cargo ships and river seamers that can navigate on inland lakes and rivers. We should also build ocean liners. Small cargo ships can do the transportation on rivers and lakes in and outside of the province as well as the region of the two lakes. River steamers can go up as far as Chongqing and Yibin and down as far as Nanjing and Shanghai. Oceanliners can go at least to Hong Kong or Japan.

We must also build an international airport, turning Wuhan into a domestic and international aviation center. We must also develop vigorously posts and communications, making the widest possible use of modern communications equipment. This is the main channel of information transmission. Rapid transmission of information can play a big role in enhancing economic results in industry and trade. In order for Wuhan to become an effective economic center, we should create an information network throughout its region, and the means of post and communications are the necessary conditions for the information network.

(2) Restructure the commodity circulation system, vigorously develop commerce and launch economic and trade activities with foreign countries. We must break up the created barriers, organize within the economic region a commodity circulation network and create a commodity circulation system, with state commerce as the main factor and with multiple economic forms, management methods and various coexisting circulation channels, that has fewer links and is open. The so-called multiple economic forms mean that it is not limited to the three usual forms, that is, state-run, collective and individual. It can be a combination of these forms or an alternate form, such as joint state-run and collective management, joint state-collective and even individual management as well as joint management of collectives and individuals and joint management of individuals, etc. Enterprises of different branches can also form joint management, for instance, joint management of industry and commerce, joint management of agriculture and commerce, joint management of commerce with commerce, joint agricultural-industrial-commercial management, etc. As for management methods, we should change the ways of fixed administrative supply areas, fixed supply targets, fixed wholesale discount pricing fixed single-commodity stocking, single-commodity sales, single-commodity service, etc. We should allow flexibility and variety. We must allow various commercial organizations to be set up to engage in both multiple and single-commodity trade, both long-distance and short-distance transportation and sales and both wholesale and retail sales or engage specifically in storage, warehousing and transportation. We must especially develop organizations to purchase inland agricultural products and local special products as well as promote itinerant traders. So long as they do not engage in speculation and profiteering and register through legal procedures and they subordinate themselves to control and pay taxes, they can carry on their business. We may also build multistoried trade centers to accommodate various trades, warehouses, partnership companies, craft guilds, commodity exchanges, trust companies, commodity sales exhibits and fairs, etc. In sum, under the leadership of state-owned commerce, we should employ multiple channels and forms to make convenient the commodity circulation and to make commerce alive so that Wuhan can really become the center of Central China, or even the center of the "nine provinces," where goods and materials can be collected and distributed and circulation within the region and between the regions will be unimpeded.

Simultaneously we should establish various foreign trade companies and organizations which deal with joint investments, place orders for processing materials or supply goods and can carry out compensatory trade with foreign and overseas Chinese businessmen, in this way to strengthen our foreign economic and trade contacts. We will, on the one hand, develop our export trade forcefully and will, on the other hand, utilize foreign capital and import advanced technology and key equipment in order to accelerate the technological transformation and equipment renewal of enterprises in Wuhan, Hubei and other interior provinces, turning the city of Wuhan into an important port for our outside contacts. In this way, export goods, not only from the provinces of Central China but even from those of the Northwest and the Southwest, can be directly transported via Wuhan. Machines, technological equipment and other goods purchased from foreign countries for these areas can also be transported to Wuhan directly from other countries and from there sent further inland. Thus, Wuhan's effect on the interior provinces will be even greater.

The abovementioned cannot be resolved with Wuhan's own strength; it has to be done with the active support of the central authorities and Hubei Province.

(3) Carry out the restructuring of the economic management system and establish a rational economic network. The main drawbacks of our present economic management system are: overcentralization of power, artificial barriers and divisions and no distinction between administration and enterprise, which led to the situation that business cannot be carried on according to the requirements of economic law. This is true not only in commerce but also in industry, planning, finance, etc. For example, a considerable portion of Wuhan's industrial enterprises belongs to the central authorities and the province; the city of Wuhan cannot interfere. The total value of the fixed assets of the enterprises run by Wuhan does not reach even one-third of the total fixed assets value. There are 1,141 machine-building enterprises in Wuhan, with 2.3 billion yuan worth in fixed assets (cost price). Their gross output value makes up over one-fourth of the total industrial output value of the whole city, and thus it can be said that the industry is of a fairly good size. However, vertically they belong to more than 40 systems and organizations, and horizontally they belong to 5 levels of administrative leadership, that is, to the central authorities, the province, the city, the district and the street. They crisscross each other without interconnection. The equipment utilization rate is low, only about 30 percent in general, causing tremendous waste. The present planning system is economic management by administrative organization. A city under the jurisdiction of the provincial government is only a point on the horizontal line; it basically has the same position as a prefecture's or a country's in the planning system. Its economic construction is planned by the state, but most social services are handled locally. Construction of the city's public utilities is classes as nonproductive and thus cannot often be included in capital construction projects. Key cities are unable to apply planned adjustments, in accordance with the requirements of the economic law, to direct their economic activity. The system of finance is also irrational. Last year Wuhan had more than 1.37 billion yuan in revenue, but its expenditure was only 360 million yuan or so, with which it is difficult even to maintain the present condition, not to speak of developing municipal public utility construction and the renewal and transformation of technological equipment, even less of strategic construction. So if we want

to develop the key cities' role in organizing the regional economy, we must gradually change these systems. State-run enterprises should be transferred to a lower level to be run by the city, except for a small number of large enterprises of overall importance that will still be run by the central authorities. Also, the city should be given enough economic power so as to be able to engage in necessary city construction and technological equipment renewal and transformation; break the artificial barriers; carry on transregional, trans-departmental and transindustrial economic cooperation and unity according to economic needs; and organize a rational economic network between the regions. Thus key cities, such as Wuhan, should be singled out in planning, and the construction and products of important cities should be included in the state plan. In the system of finance Wuhan must be given fairly great decisionmaking financial powers so that it can play its role effectively as an economic center with its full economic strength. In trade it must also have enough decisionmaking power. Such things as the mayor's inability even to strike a minor foreign trade agreement without first asking for the higher authorities' instruction will not do.

(4) Consolidate the industry, accelerate our steps in restructuring and bring Wuhan's role as an industrial base into full play. Wuhan's industry has great potential, yet the economic results are poor. The main reasons, besides the overcentralization in the systems of management and circulation and the non-distinction between administration and enterprise, are bad management and control in the enterprises, difficulties in renewing and transforming technological equipment, "eating from the same big pot," "equalitarianism," etc. Thus, we must quicken our steps in consolidating and restructuring our enterprises. Industrial growth in the future must mainly take the road of "intensiveness," and use extended reproduction by mainly relying on extension as little as possible. We should first tap the potential of the current enterprises, improve management and control and carry out technological transformation on the basis of expanding the enterprises' decisionmaking power and establishing a production responsibility system. Most of the technological equipment of the current enterprises in Wuhan is outdated and needs to be renewed. In the process of consolidation and transformation, we not only should encourage specialized cooperation and unity to a certain extent but should also allow competition to a certain degree. The Wuhan Washing Machine Plant used the method of inviting bidders to do external purchasing thus lowered the cost of products, improved the quality and increased economic results. The situation of "eating from the same big pot" with units in cooperation was eradicated, which has given an impetus to the cooperating units to quicken their steps in consolidation and restructuring. This method deserves commendation.

The direction of Wuhan's industrial growth in the future should be: 1) to gear the growth to the city residents' material and spiritual needs, providing them with low-price but high-quality consumer goods that can satisfy their needs; 2) to gear growth to the rural areas and to meet rural needs for the means of production and daily consumer goods by processing the raw materials provided by the rural areas; 3) to restore traditional famous-brand products, tap new hot-selling products, cut down goods in abundant supply, enhance goods in short supply and develop export handicrafts with special Chinese features; and 4) to strengthen environmental protection. New industries should be restricted to

light industry and those which do not pollute the city. The construction of chemical and heavy industries that cause the city severe pollution should be carried on farther from the city.

(5) Start a belt-shaped new city district along the river. The old districts of Wuhan, such as Jiaokou, Jiangnan and Jiang'an, are already saturated. Their potential for development is not great. I have a tentative idea, which I have not thought through, about Wuhan's city planning in future. A belt-shaped new industrial and commercial district can be built up along the north bank of the Changjiang River in the areas from Huangpulu to Yangluo. This belt-shaped new district can be divided into two: the west side would be the commercial district in the areas from Huangpulu to Daijiangshan, and the east side would be the light industrial area. The commercial district can be built, by attracting foreign capital and other provinces' investments, into a domestic and foreign trade center, a financial center and an information center, like Shenzhen, with highways and all kinds of modern facilities, especially with electrified and computerized ones. The light industrial district is mainly to provide sites for new construction projects. As it is near the Yangluogang Port, it is convenient to transportation by water and to loading and unloading facilities. Heavy industrial and chemical industrial projects and other ones that can cause pollution can be placed at the south bank of the Changjiang River in the areas from Gedian to Huangshi, where 1) they are far from the city districts, 2) they are near the Yangluogang Port and 3) they are near ore resources in the vicinity of Daye.

(6) Cater to rural areas and support rural areas. Agriculture is the basis of our national economy. Eighty percent of our country's population lives in the rural areas, which are our largest market. Wuhan has a vast economic hinterland, situated on the flatlands along the Changjiang and Hanshui Rivers, and is close to the flatlands of Dongtinghu and Boyanghu Lakes. Our interior provinces are rich in agricultural, rural subsidiary and local special products. Moreover, the region of the two lakes is a grain- and cotton-producing area and a land of fish and rice. There was always a saying that "when the crops at the two lakes ripen, there is ampleness under heaven." Since the 3d Plenum of the 11th Party Central Committee, with the implementation of the production responsibility system in various forms, the rural commodity economy has made great strides forward. Quite a number of peasants have become prosperous. An unprecedentedly thriving scene has emerged in our rural areas. But the potential of production is far from being brought out due to lack of organization and guidance. As the "two wings" are blocked, many special local products cannot be transported; as a result, they are overstocked, or even become rotten. Fine seeds, chemical fertilizer, agricultural equipment and articles for daily use needed by the rural areas have not reached them to their satisfaction. A number of agricultural, forestry, husbandry, rural subsidiary, fishery and special mountain products need to be further developed. For example, yangtao (*Actinidia chinensis*) in Hubei Province has for a long time been enjoying a great reputation abroad; we ourselves, however, have not paid enough attention to it. There are various varieties of Hubei's yangtao of high quality. Its annual output is 40-50 million jin, but its utilization rate is only 10 percent. Seedless tangerines are already being grown on a large area, which is a good thing. With guidance they can become hot-selling products on the international market. Hubei has

various kinds of fruits and vegetables; however, many of them are of poor quality. We must utilize Wuhan's strength in agriculture, science and technology and given guidance to improve the variety and breeding methods. Timber and medicinal materials are rich resources in our mountain areas, but it happens that trees are felled indiscriminately. We must improve our control. There are many kinds of medicinal materials in the mountain areas; we must actively develop them, in a planned way, under the direction of traditional Chinese druggists. Hubei and the inland have many agricultural and sideline products that can be exported, such as tung oil, mushrooms, edible fungus (*Auricularia auricula judae*), tea, bristles, leather, raw silk, ramie, medicinal materials, etc. But the product specifications and the packaging are often very inferior, unsuitable to the requirements of the foreign market. If we can improve the packaging of some export goods, we can greatly raise their prices on the international market. This cannot be resolved by production brigades themselves alone; we need the city's specialized cooperation or the joint commercial and agricultural organizations. In sum, we must utilize Wuhan's superiority in industry, commerce, science and technology, information, etc. and promote rural economic development through various ways and organizational forms such as commodity circulation, scientific and technological cooperation, integration with production, etc. With the vast interior rural areas becoming prosperous, industry and other branches will also develop.

(7) Exploit rivers and lakes and develop aquatic products. As lakes are scattered all over along the two banks of the Changjiang, Hubei Province is called the "province of a thousand lakes." Fish are people's favorite food and their nutritive value is very high. It is said that our province has a 3.145 million mu fish-farming water area, which is one-tenth of China's total inland fish-farming area. (Another estimate is 7.48 million mu, which remains to be verified.) Using the general popular fish-farming method, the yield per unit of area is, at least, 1,000 jin per mu. If fish are bred in the entire area, the total output can reach 3.145 billion jin, that is, 1.573 million tons. And if we improve the feed and the breeding methods, the output will reach far beyond this. However, in the previous years, under the influence of "left" thinking, we did not pay much attention at all to aquatic products. The 1982 actual output was only 170,000 tons. The so-called "land of fish and rice" yielded only pitifully few fish. Naturally, aquatic products are not limited to fish. In July 1970, while inspecting Hubei Province, Comrade Hu Yaobang pointed out: "Within agriculture we must pay attention to aquatic products. I hope that your province will take the lead in the nation in freshwater fish-farming and gather some new experience." Comrade Tong Dalin also pointed out to us that we must attach importance to the exploitation of rivers and lakes. The comrades of the Institute of Hydrobiology have been very enthusiastic; they have proposed to organize the scientific and technological forces of aquatic production of the province and the city and to establish an advisory committee on aquatic science and technology, combining the forces of provincial and municipal bureaus of aquatic products, scientific research units and institutions of higher education to provide scientific bases for the government's policymaking departments in their formulation of plans and measures to develop aquatic products, and it will actively spread the results of scientific research. There are bright prospects in the future.

(8) Support Hubei Province to develop medium-size cities. Situated in Hubei, Wuhan must make a greater contribution to Hubei. Besides its vigorous support of Hubei's agriculture and aquatic production as mentioned, Wuhan must also help build the medium-size cities of Hubei into the economic centers of related areas. Medium-size cities in Hubei are Huangshi, Yichang, Shashi, Xiangfan, Shiyan, etc. These cities already have fairly well-developed industry, commerce, communications and transportation and science and technology. With Wuhan's support and cooperation in the future in industrial technology and equipment, scientific and technological knowledge and economic information, they will find no difficulty in becoming the economic centers of their respective areas. After their actual economic strength is reinforced, they can greatly enhance the economic growth of the entire province and make a contribution to the prosperity of Central China. In this we can use, for reference, the planing of the Shanghai economic region. I anticipate that the economic region of Central China will have Wuhan as the core. Cities such as Huangshi, Yichang, Shashi, Xiangfan, Shiyan, etc. and areas backed by these cities will form the second-level economic regions around Wuhan, like "a myriad of stars surrounding the moon." Further on, we can expand to the medium-size key cities of the neighboring provinces, forming a "small solar system." This way, the economic region of Central China will have greater momentum.

(9) Set up a regional financial network with Wuhan as the financial center. Economic activity cannot be separated either from the motion of goods and materials or from the motion of money. They often accompany or interchange with each other. The enterprises' and public units' cash receipts and expenditures, transfer and settlement accounts, financing, external remittances, etc. all have to go through the banks. Especially in commerce, the process of selling and buying commodities is a process of commodities changing positions with currency. Where there is a transaction of commodities, there is the payment of money or credit notes. Thus, financial centers often appear with commercial centers. Key cities must bring out their organizing and guiding role in the economic activity of their regions; in this they must mostly rely on banks. They mainly rely on banks to control the economy, though not rigidly; and flexibly, though not causing confusion. They should draw idle funds from the society through banks, adjust money circulation in their regions, control the extent of credits, make convenient fund circulation, promote fund accumulation, provide well-informed economic news, point out the direction for enterprises' activities and oversee the enterprises' implementation of the contracts as well as the results of fund utilization, etc. So there must also be a financial center and a financial network in each economic region that can suit that region's economic development. Our present banking system is a system with the People's Bank of China in the leadership and with the People's Construction Bank of China, Bank of China, Agricultural Bank of China, People's Insurance Company of China and rural credit cooperatives each having their roles. The present People's Bank of China has combined the functions of three banks, that is, those of the central bank, the industrial and commercial credit bank and the savings and remitting bank. This system cannot suit the needs of the future in restructuring our national economic system and developing economic centers and regions backed by key cities. It seems that it is necessary to restructure the system. The People's Bank of China must become a real central bank, concentrating its main effort on issuing money, macroscopic financial control, money circulation and

credit regulations. It should branch out the concrete business of industrial and commercial credit and savings and remittances and form separate industrial and commercial banks and savings banks to handle the business. The People's Bank of China in the leading position should not have a large number of branches. It should have a central one nationally and a branch in every big economic region. However, industrial and commercial banks and savings banks should have many branches. Any place where there is industry, commerce and residential concentration should have them. Branches of the Construction Bank of China, the Bank of China and the Agricultural Bank of China should be established according to need. It is not advisable to have too few, but not too many either. In the future, the so-called regional financial center and financial network will be made up of a branch of the People's Bank of China (carrying out its central bank functions), several special banks, insurance companies, a fairly large number of industrial and commercial banks and many savings banks. I will discuss this question later.

(10) Develop service trades forcefully. Service trades in a city mainly include hotels, restaurants, medical and public health facilities, garbage disposals, street sanitation, barber shops and baths, storage and packaging services, markets and stores, small merchants and peddlars, movies and theatres, cultural houses, public entertainment places, gymnasiums, sports grounds, various repair services, transportation at docks and stations, etc. We can even include the postal service of the city and city transportation (for example, taxis and buses). Every job that is nonproductive but benefits the city residents' lives can be included. In the past, under the influence of "left" thinking, people did not attach any importance to these services, considering them as nonproductive. But, in fact, they are very important. Without their being operated well, the people's lives will be directly and the workers' efficiency will be indirectly affected. Development of service trades has at least the following benefits: 1) They provide conveniences to the masses, benefit their physical and mental health, help improve the people's lives and enhance social results; 2) they can absorb a large part of the labor force and increase employment opportunities; 3) they need small investments, their turnover is fast, profits are large and thus they can accelerate capital accumulation which can be used for other construction in the city; and 4) they can raise the purchasing power of the society, opening markets for industrial and agricultural products, especially consumer goods for daily use. When people come to a city, the first thing they get in touch with is the service trade. How well these service trades are run is an important criterion in evaluating the city's work.

(11) Vigorously develop tourism. The tourist trade is one of the important income sources of countries in modern times. Since our country was opened to the outside, tourism has been growing day by day. In the first 6 months of the current year we received more than 4.4 million tourists, but few of them came to Wuhan. The main reasons for this are: 1) Tourist spots and resorts in the Hubei area have not been opened up. The attraction is not great. 2) Wuhan's international airport has not yet been completed. The transportation is very inconvenient. 3) Wuhan's tourist facilities are not adequate. Domestic and foreign tourists will definitely increase after transportation and the service trades are improved and Wuhan will be a domestic and foreign trade center in the future. If we, in addition, repair, maintain and open up some more tourist spots, tourism will

definitely flourish. There are many places of scenic beauty in the Wuhan area, but some of them need repairs, for instance, Gui Yuan Temple and Tongbao Temple; some need publicity, such as the Memorial Museum of the 1911 Revolution, the Peasant Movement Institute and the Moshan Botanical Garden; and some need expansion and rebuilding, such as Scenic Spot of the Eastern Lake, the Yellow Crane Tower, Qing Chuan Ge, etc. There are also numerous places of historic interest and scenic beauty in the Hubei area, for instance, the scenery of the Three Forges, the water control key project at Gezhouba, the three caves in Yichang, the old city site and tombs at Jingzhou, the Jade Fountain Temple at Dangyang, Longzhong at Xiangyang, the Wudangshan hills in the northwest of the province, the hot springs in Xianning, Jigongshan hill, the summer resort on the border of Hubei and Henan and Turtle Hill in Macheng. With polishing and expansion these places can attract many tourists. Besides those tourists who specifically come to visit Wuhan, those who come to sightsee in other parts of Hubei Province must also use Wuhan as a transfer or stationing place. We can also turn Wuhan into a center of special local products and export handicrafts of Central China, making it convenient for tourists to make purchases. This way, we can absorb a large amount of foreign exchange, creating conditions for bringing in advanced technology and equipment.

(12) Organize forces in science, technology and education and enhance the integration of intellect with production and authority. Integrating theory and practice and taking the mass line used to be the fine style of the Marxist parties. However, under the influence of "left" ideology, for a long time the separation of theory and practice, separation of leadership and the masses and separation of authority and intellect prevailed, leading to a number of policy blunders in our economy. A lot of our intellectual reserves were not made use of. Since the 3d Plenum of the 11th Party Central Committee, the party's fine tradition has gradually been restored. That situation has been greatly changed. Science and technology are productive forces. Modernized production is pushed forward mainly by advancing science and technology. The key to the four modernizations is the modernization of science and technology. Without the modernization of science and technology combined with agriculture, industry and defense, the other three modernizations cannot be accomplished either. The present party committee and departments of all levels have attached great importance to this combination. As mentioned above, Wuhan's intellectual base is solid, though it was not made good use of in the past. Now the city's leadership attached great importance to it. An advisory committee has already been established in Wuhan. Forces in science, technology and social sciences have been mobilized to carry on studies on the government's important policies and to provide advice and opinions. The city has signed agreements of scientific and technological cooperation with Qinghua University, the Polytechnic Institute of Central China and Wuhan University; the number of cooperative projects has reached 37. This method is now being spread and evidently will yield great results. In the future, we must make use of Wuhan's scientific, technological and educational forces to serve economic growth in Hubei and other provinces and turn Wuhan into a center of science, technology, education, consultation and services of Central China or even a center of the region of the "nine provinces." Wuhan's role as a key city will become even greater.

ECONOMIC PLANNING

POPULARIZING SHENZHEN EXPERIENCE IN CONSTRUCTION VIEWED

HK110959 Guangzhou YANGCHENG WANBAO in Chinese 7 May 84 p 1

[Report by contributing correspondent Fu Zhong [4569 1813]: "Let Shenzhen's Experience Bloom in South China"]

[Text] Recently, the provincial people's government issued a circular on setting up an office to study and popularize the experience of the Shenzhen special economic zone in construction. The provincial people's government decided that the office will be jointly formed by the provincial construction commission and Shenzhen city people's government and that they will organize, by stages and in groups, comrades of departments at the city and prefectural levels and of departments directly under the provincial authorities. The provincial people's government decided to run study classes in three stages. The first stage will be devoted to the study of engineering, construction, calling for tenders, and making tenders. Leading comrades of responsible departments at the city and prefectural levels, departments directly under the provincial authorities, and departments in charge of key construction projects will be organized to take part in the first stage. The second stage will be devoted to the study of urban planning, exploiting work, and construction. Comrades in charge of urban construction work will be organized to take part in the second stage. The third stage will be devoted to the study of reform in building trades and of organizational and administrative work in carrying out projects. Some leading comrades of construction enterprises will be organized to take part in the third stage.

The provincial government demanded that various cities, prefectures, and departments work out plans and measures for studying and popularizing Shenzhen's experience in construction, further reform the management, labor, and personnel system of enterprises, and strengthen urban planning, construction, and administration so as to rapidly popularize Shenzhen's experience to the whole province.

CSO: 4006/570

AGGREGATE ECONOMIC DATA

INDUSTRIAL PRODUCTION, TRANSPORT, JANUARY TO DECEMBER 1983

Beijing GUANGMING RIBAO in Chinese 27 Jan 84 p 3

[Table, data provided by the State Statistical Bureau]

[Text] Key Industrial Production and Transport Statistics, January to December, 1983

<u>Item</u>	<u>Unit</u>	<u>Jan-Dec 1983</u>	<u>Dec 1983</u>	<u>Percentage change from Jan-Dec 1982</u>
Gross industrial				
output value	100 mil yuan	6,147.34	543.93	110.2
Light industry	100 mil yuan	3,051.40	286.44	108.4
Heavy industry	100 mil yuan	3,095.94	257.49	112.1
Bicycles	10,000 units	2,760.34	246.04	114.1
Sewing machines	10,000 units	1,087.72	90.91	84.6
Watches	10,000 units	3,468.34	280.45	104.7
T.V.'s	10,000 units	681.96	79.46	109.9
Radios	10,000 units	1,951.66	200.80	113.2
Tape recorders	10,000 units	480.97	56.34	138.6
Washing machines--	10,000 units	364.13	31.65	143.8
domestic use				
Cameras	10,000 units	94.46	7.15	127.3
Electric fans	10,000 units	1,014.49	73.30	110.4
Refrigerators--				
domestic use	Units	190,700	20,845	190.8
Chemical fiber	10,000 tons	53.75	4.88	104.0
Yarn	10,000 tons	328.53	25.64	98.0
Cloth	100 mil meters	148.64	11.34	96.8
Of which: chemical				
fiber cloth	100 mil meters	51.30	4.17	107.0
Silk fabric	100 mil meters	9.75	0.88	106.6
Woolen goods	10,000 meters	13,872.98	1,316.76	109.5
Knitting wool	10,000 tons	9.96	0.83	107.7
Sugar	10,000 tons	371.45	61.80	109.8
Crude salt	10,000 tons	1,587.22	57.92	96.9
Cigarettes	10,000 cartons	1,925.10	195.41	102.1
Beer	10,000 tons	160.22	7.37	136.6

Machine-made paper and paperboard	10,000 tons	634.97	53.83	107.8
Light bulbs	100 mil units	12.45	1.08	116.1
Raw coal	10,000 tons	70,032.63	6,528.42	105.1
Crude oil	10,000 tons	10,598.46	916.99	103.8
Natural gas	100 mil cubic meters	119.33	9.05	100.0
Electric energy production	100 mil kwh	3,492.71	310.08	106.6
Of this: hydro- electricity	100 mil kwh	849.96	60.57	114.2
Pig iron	10,000 tons	3,741.46	313.29	105.4
Steel	10,000 tons	3,994.46	319.62	107.5
Rolled steel	10,000 tons	3,068.55	233.23	105.7
Coke (machine coke)	10,000 tons	3,443.67	298.56	104.0
Sulphuric acid	10,000 tons	864.87	71.17	105.8
Soda ash	10,000 tons	179.20	14.78	103.3
Caustic soda	10,000 tons	212.74	17.18	102.6
Chemical fertilizer	10,000 tons	1,403.06	115.29	109.8
Pharmaceuticals	10,000 tons	5.14	0.40	121.8
Pesticides	10,000 tons	33.68	1.71	73.7
Cement	10,000 tons	10,643.89	910.70	111.8
Plate glass	10,000 std. cases	4,078.42	367.37	115.0
Electric power equipment	10,000 kw	272.82	88.47	165.8
Metal machine cutting tools	10,000 units	11.82	1.01	118.4
Autos	10,000 units	23.90	1.75	121.8
Walking tractors	10,000 units	47.76	2.80	160.1
Locomotives	Units	589	35	121.2
Rail freight volume	100 mil tons	11.61	0.99	104.5
Shipping volume on Ministry of Com- munications ships	100 mil tons	1.55	0.14	103.6

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CSO: 4006/418

AGGREGATE ECONOMIC DATA

INDUSTRIAL PRODUCTION, TRANSPORT, JANUARY 1984

Beijing JINGJI RIBAO in Chinese 25 Feb 84 p 2

[Table, data provided by the State Statistical Bureau]

[Text] Key Industrial Production and Transport Statistics, January 1984

<u>Item</u>	<u>Unit</u>	<u>January, 1984</u>	<u>Percentage change from January, 1983</u>
Gross industrial output value	100 million yuan	515.94	108.0
Light industry	100 million yuan	262.42	107.3
Heavy industry	100 million yuan	253.52	108.7
Bicycles	10,000 units	234.57	110.3
Sewing Machines	10,000 units	84.27	87.4
Watches	10,000 units	274.73	98.4
T.V.'s	10,000 units	62.61	131.7
Radios	10,000 units	219.45	156.1
Tape recorders	10,000 units	38.24	135.8
Washing machines--			
domestic use	10,000 units	52.54	155.8
Cameras	10,000 units	8.31	129.2
Electric fans	10,000 units	88.18	166.1
Refrigerators--			
domestic use	Units	24,490	227.8
Chemical fiber	10,000 tons	5.59	151.9
Yarn	10,000 tons	24.83	91.3
Cloth	100 million meters	11.09	88.7
Of which:			
chemical fiber cloth	100 million meters	4.23	140.5
Silk fabric	100 million meters	0.79	110.1
Woolen goods	10,000 meters	1,230	126.6
Knitting wool	10,000 tons	0.84	116.6
Sugar	10,000 tons	90.13	100.9
Crude salt	10,000 tons	32.00	130.2
Cigarettes	10,000 cartons	201.66	112.7
Beer	10,000 tons	8.80	124.6

Machine-made paper and paperboard	10,000 tons	48.14	106.1
Light bulbs	100 million units	1.06	108.7
Raw coal	10,000 tons	5,903.60	103.8
Crude oil	10,000 tons	933.80	105.6
Natural gas	100 million cubic meters	10.44	100.8
Electric energy production	100 million kwh	300.7	104.9
of which: hydroelectricity	100 million kwh	54.8	98.6
Pig iron	10,000 tons	325.08	106.2
Steel	10,000 tons	343.83	105.5
Rolled steel	10,000 tons	260.82	103.3
Coke (machine coke)	10,000 tons	295.22	105.6
Sulphuric acid	10,000 tons	65.95	96.9
Soda ash	10,000 tons	16.49	106.0
Caustic soda	10,000 tons	17.38	95.3
Chemical fertilizer	10,000 tons	111.88	102.9
Pharmaceuticals	10,000 tons	0.42	119.5
Pesticides	10,000 tons	2.31	58.2
Cement	10,000 tons	781.50	107.6
Plate glass	10,000 std. cases	354.39	104.1
Electric power equipment	10,000 kw	4.24	34.3
Metal cutting machine tools	10,000 units	0.94	116.0
Autos	10,000 units	2.28	128.1
Walking tractors	10,000 units	4.38	143.6
Locomotives	Units	53	100.0
Rail freight volume	100 million tons	0.97	101.5
Shipping volume on vessels under the Ministry of Communications	100 million tons	0.13	105.9

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CSO: 4006/418

TASK OF TURNING DEFICITS INTO PROFITS OUTLINED

Beijing BAN YUE TAN [SEMIMONTHLY TALKS] in Chinese No 6, 25 Mar 84 pp 24-26

[Article by the Economics Editorial Office: "How to Do This Year's Task of Turning Deficits Into Profits"]

[Text] Last year state-run enterprises demonstrated impressive results in turning deficits into profits. Twenty provinces, cities and autonomous regions as well as 11 industrial departments accomplished their missions of turning deficits into profits, and some even accomplished work in excess of the quotas set by the government. Deficits of the nation's industrial enterprises dropped by 34.6 percent compared with the previous year; deficits of commercial enterprises dropped by 7 percent. Profits for industrial and commercial enterprises did not continue to decrease as they had done in previous years.

However, the task of turning deficits into profits has not been handled in a well-balanced manner. There are still many problems and we are still burdened with the task of turning deficits into profits. As state-operated enterprises pledge to accomplish projects scheduled by the government in 1984, all operational deficits must be eliminated by the end of the year, deficits resulting from errors in policies must decrease and the level of profit of those money-making enterprises must rise.

Problems existing in the task of turning deficits into profits are: 1. The volume of enterprise deficits is still very large; industrial, commercial, foodstuffs, supply and marketing cooperative, agricultural, animal husbandry and aquatic-product enterprises all suffer deficits. This is a heavy burden on the finance of the country. 2. Those enterprises that are making money have a low profit level, which seems even lower when compared with the profit level of those enterprises that have historically been profitable. Within the same sector, there are considerable differences between the more advanced enterprises and the ones lagging behind. 3. Deficits resulting from errors in policies often cover up massive operational deficits. Within profitable enterprises commodity deficits remain concealed. 4. Leaders of some agencies are not fully aware of the reasons for turning deficits into profits and attribute deficits to objective circumstances. Some resort to improper measures such as deficit transference instead of improving operational management and economic results.

Therefore, our task of turning deficits into profits this year should be directed toward thoroughly turning enterprise deficits into profits as well as raising the profit level of those enterprises that are already making money. Those profitable enterprises should further improve the quality of their products, devise more models, reduce expenditures and increase profits. Money-making enterprises with commodity deficits should adopt appropriate measures to turn the deficits of each type of product into profits and should not keep on covering up deficits with profits or concealing bad things behind good things. Big enterprises, moneymaking or otherwise, should especially stress turning deficits into profits or enhancing profits. Various enterprises in various places demonstrate great potential both in turning deficits into profits and in increasing profits. As long as we strengthen the leadership and fully implement appropriate policies, it is highly probable that we will be able to fulfill our task of turning deficits into profits this year. If the comparable cost of a product drops by only 1 percent, there can be an increase of 1.8 billion yuan in profits for state-operated industries. Jilin Province, which in the past 2 years has performed relatively well in turning deficits into profits, suffers deficits totaling over 60 million yuan in 1978 kinds of products in its moneymaking industries.

In order effectively to turn deficits into profits this year, some policy decisions were made at the recent State Symposium on Economic Work. The major ones were:

1. Enterprises must implement the supervisor responsibility system at various levels: from the provincial (ministerial) level to the enterprise level. Directors and managers of enterprises that fail to turn deficits into profits on schedule because of ineffective management and inefficient efforts must resign or be fired immediately.
2. Enterprises (with the exception of the coal industry) with high expenditures, large deficits and annual deficits exceeding the wage bills must halt production for reorganization.
3. Enterprises with operational deficits that are able to turn deficits into profits on schedule will be given the originally allocated subsidies and be allowed to share the profits for that year. Profits realized in the subsequent year will be handled according to normal procedures. Those that fail to turn deficits into profits on schedule will not be given subsidies and will be forced to close down, halt production, merge with other enterprises or engage in other types of production.
4. As for those enterprises that suffer deficits resulting from policy errors, finance departments and supervisory departments will consult one another in setting limits to the size of deficits in each enterprise and will consult one another in allocating subsidies and in limiting the total amount of subsidies. Enterprises with deficits exceeding the limit will not receive further subsidies; those able to decrease the deficits will share the profits.
5. Since the directives on turning deficits into profits have been handed down from the Department of Finance and the State Economic Commission last September, enterprises that suffer newly added deficits and enterprises that

have been historically unprofitable will not be given subsidies (with the exception of special cases approved by the government).

6. Enterprises that suffer deficits resulting from inadequate equipment and backward technology and therefore cannot increase the production of famous brands in short supply--these enterprises must engage in technological transformation and will be given deficit indexes set for that year earlier than the scheduled time.

7. Enterprises that fail to turn deficits into profits will not receive financial reward for that year; those accomplishing their missions ahead of schedule will be praised in public.

8. The percentage of profit for retention will be correspondingly reduced for those moneymaking enterprises that fail to meet the indexes set for contract payments, realized profits, output, quality, costs and working capital turnover.

9. Enterprises that violate finance regulations will have to pay fines with their own capital; in addition, they will have to return the embezzled money to the government. Those responsible will, according to the seriousness of their offenses, be deprived of rewards, fined, reprimanded, demerited, demoted or fired.

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CSO: 4006/498

RATIONALIZATION, COORDINATION OF HEAVY AND LIGHT INDUSTRY URGED

Wuhan WUHAN DAXUE XUEBAO [WUHAN UNIVERSITY JOURNAL] in Chinese No 1, 28 Jan 84
pp 27-32

[Article by Zhao Xibin [6392 6932 2430]: "Some Views on the Structural Rationalization and Coordinated Development of Light and Heavy Industry in China"]

[Text] In 1982, the annual rate of increase in the gross output value of China's light industries dropped to 5.7 percent from an average of 13.8 percent over the previous years; on the other hand, the annual rate of increase in the gross output value of heavy industries jumped to 9.9 percent from an average of 1.3 percent over the previous 3 years. Fuel and raw material supplies face a crisis situation. In the face of this economic situation, some comrades feel that we have to curb the development of heavy industries in order to assure the further development of light industries and consequently the coordination between heavy and light industries; otherwise, the advantageous situation resulting from readjustment in the past few years will vanish. This leads to the following questions: What are the circumstances and problems China's heavy and light industries face? In what direction will heavy and light industries develop in the future? How should we coordinate heavy and light industries? Obviously, these are significant strategic questions that involve the readjustment of the mix of industrial output in accordance with the circumstances and economic regulations of China. This article offers views on these questions from a different perspective.

I

Since 1979 we have made significant readjustments in the relative proportions of heavy and light industries and have modified the long-standing, unreasonable and one-sided emphasis on heavy industries, and as a result the production of consumer goods has accelerated. Between 1978 and 1982, the gross output value of light industries grew from 180.6 billion yuan to 276.6 billion yuan, and the average rate of increase per annum was 11.8 percent. The gross output value of light industries rose to 50.2 percent (from 42.7 percent) of the gross value of industrial production. During the same period of time, the gross output value of heavy industries grew to 274 billion yuan from 242.5 billion yuan; the average rate of increase per annum was only 3.4 percent. In 1981 figures indicating growth even appeared in the negative; the gross output value of heavy industries accounted for 49.8 percent (a drop from 57.3 percent) of the gross value of industrial production. The fast development of light industries complies with the demands of the basic economic guidelines of

socialism and has been very effective in easing the tensions of the market for daily industrial necessities, in improving people's living standards and in stabilizing and expanding the overall economy. The Central Committee's directives on readjustment have proven to be correct.

However, the fact that we are stressing light industries does not mean we are going back to the practices of a few years ago when we allowed more light industries to develop faster than heavy industries and when we allowed heavy industries to progress so slowly that they could not even maintain simple reproduction work. We should, as we stress light industries, recognize the differences between heavy and light industries and thus enable heavy industries to develop correspondingly. The needs and problems demonstrated in our national economy underscore the importance of this recognition.

First of all, light industries already suffer equipment inadequacy (to be enlarged upon later) as well as energy and raw material shortages. Since last year, light industries have experienced increasing shortages in the supply of coal, electricity, steel, copper, aluminum, raw iron and other materials. The situation is widespread and quite a few enterprises have been forced to halt production partially or completely. Judging from market demands for products of light industries in recent years, there is increasingly greater demand for high-grade daily consumer goods made with metal. (See Table 1.)

Table 1 Retail Sales Volume of Major Consumer Goods Between 1978 and 1982¹

Year	Sewing machines (10,000)	Wrist watches (10,000)	Bicycles (10,000)	Radios (10,000)	TV sets (10,000)
1978	439.8	1,388.1	809.6	1,388.9	55.1
1979	540	1,944.4	954.5	1,639.5	180.7
1980	665	2,534	1,186	2,722	364
1981	926	2,890	1,582	3,074.9	635
1982	1,139	3,575	2,213	3,625	751

Table 1 illustrates that popular demand and purchasing power are increasing fast. The rate of increase in the production and sales of tape recorders, washers and refrigerators is even greater. This year, demand for those products has increased even more; in a lot of places the supply simply cannot meet the demand. Even in remote, mountainous and backward Guizhou Province, electric appliances are selling like hot cakes. The supply of fine-quality color TV sets, black and white TV sets with large screens, portable tape recorders and washers simply cannot meet the demand.² The outlook is especially encouraging for the rural market, which has been opened up gradually.

Second, present as well as future construction of priority projects needs construction materials and complementary facilities in mass quantities. Moreover, the composition of these projects suggests that products of heavy industries will be manufactured at an accelerated pace. Undoubtedly, the 70 priority projects under construction as well as the major projects of capital construction scheduled for the Sixth "Five-year Plan" period are significant in facilitating the economic upsurge that has been in the planning

stage for 10 years. However, on the one hand, the construction and expansion of these priority projects not only will need an enormous number of complementary facilities that will have to be manufactured domestically but will also be in desperate need of an enormous amount of steel, lumber, cement, glass and other products of heavy industries. The problem we face at the present time is that these most urgently needed construction materials are in such short supply that it has already hindered the process of construction. Some priority projects have to halt construction as they await the arrival of more steel, cement and steel rails. On the other hand, the mix of investments in capital construction is the primary determinant in the speed and the relative proportions of heavy and light industries. Take the 70 priority projects, 38 of which are enterprises related to coal, petroleum, electric power, steel and iron, non-ferrous metals, construction materials, chemical engineering, auto manufacturing and so on; only 5 are related to light and textile enterprises. It is my view that this kind of investment mix meets the demands of China's economic development. However, once these projects have been completed and come into full operation, the value of the output of heavy industries will undoubtedly surpass that of light industries.

Some comrades hold the view that the present shortage in the supply of materials is caused by the accelerated development of heavy industries which has threatened light industries. I, however, do not think that this theory covers every side of the story. We should analyze concrete problems in a concrete manner. One reason why there is an overall shortage of energy resources and raw materials is that overvigorous capital construction has jeopardized the balance of materials; the other reason is that the output of these products still cannot meet the demand in the economy. Therefore, we must, on the one hand, strictly control the scale of capital construction and, on the other, aggressively engage in the production of certain products of heavy industries. We cannot confuse the control of the scale of capital construction with the control of the output of heavy industries. We should distinguish one from the other. Actually, the control of the scale of capital construction is not limited only to unplanned or overlapping construction in heavy industries; it also applies to that of light industries.

Third, as peasants' demands for industrial products (including the means of production and means of subsistence) increase rapidly, related heavy and light industries should expand accordingly. Six of the "10 desires" of peasants in Xinfeng Prefecture are directly or indirectly related to the output of heavy industries--agricultural machinery, processing facilities, chemical fertilizers and pesticides, bicycles, TV sets and others. But these products urgently needed by peasants cannot be provided for because of a shortage in the supply of raw materials or production. Let us just take the supply of steel materials as an example. According to statistics for 22 provinces, cities and autonomous regions in 1982, 4.5 million tons of agricultural steel material were consumed, and the estimated volume for this year is 5.28 million tons. However, the planned allocation figure as of now can only meet 50 percent to 60 percent of the required volume. In some areas and prefectures, 70 percent to 80 percent of the need for agricultural steel material will not be met. The supply of small- and medium-size farm equipment such as threshers and sprayers cannot meet the demand.³ Chemical fertilizers have become so rare that some people are even buying them back through illegal channels; in a situation like this, peasants are usually the victims.

Fourth, housing construction by dwellers in the city as well as in the countryside will continue to grow in the next few years. This requires industries in construction materials to embark upon a corresponding expansion. In recent years, as the economy has become more responsive because of the policies of the Central Committee, city and rural dwellers have been able to generate increasingly more revenue and savings. By the end of 1982, the total amount of savings for city and countryside dwellers all over the country was 67.54 billion yuan, and the total would have been over 110 billion yuan if the cash-holding value had been included. In the face of these circumstances, the correct measure is, of course, to accelerate the development of light industries in order to meet the growing demand resulting from the increase in the people's purchasing power. But this is only one way to look at it. Another way is to regard this huge amount of cash and capital as surpluses after the most fundamental needs of daily life have been fulfilled. This huge amount of cash and capital will be used to increase the means of production, to construct more housing and to purchase more expensive household electric appliances. In cities and towns, even though there is appropriate control in collective housing construction by government agencies, more private housing construction will surely take place as government employees in cities and towns are now permitted and encouraged to construct private housing. Peasants in rural areas, in particular, are becoming wealthy as a result of the agricultural responsibility system. Housing construction has been developing at the remarkable rate of 600 million square meters a year. This vigorous trend is not likely to recede in the next few years. This trend is best reflected in a saying among peasants: "There is no need to worry about food, and there is no need to worry about clothing. First we buy chemical fertilizers and then get ourselves an ox. Our greatest desire is to build a two-story house."

All this indicates that China, at the present time, not only should stress light industries but should also expand the output of certain products of heavy industries through existing productive forces in order to accelerate the development of heavy industries. Otherwise, agricultural as well as light industrial production will not be able to develop any further, and the needs of the people will not be fulfilled.

II

In recent years, China's light industries have developed much faster than its heavy industries. The percentage of the output value of light industries is gradually surpassing that of heavy industries. (See Table 2.)

Table 2 reflects changes in the relative proportions of heavy and light industries. It is my view that the changes illustrated are both normal and abnormal. They are normal because the goal of socialist production is to fulfill the people's material as well as cultural needs continuously. The development of China's daily consumer goods industries has for long been very slow and has seriously hindered the improvement of living standards. So during the special adjustment period, it is necessary for light industries to develop faster and take up a greater percentage than heavy industries. It is understandable why people welcome this trend. But these changes in the relative proportions of heavy and light industries are also abnormal. They are abnormal because as China's scientific technology continues to progress,

Table 2 Changes in the Percentage of the Value of Production of China's Heavy and Light Industries between 1978 and 1982⁴

Year	Light Industries		Heavy Industries	
	Gross value of production (100 million yuan)	% of the gross value of industrial production	Gross value of production (100 million yuan)	% of the gross value of industrial production
1978	1,806	42.7	2,425	57.3
1979	1,980	43.1	2,611	56.9
1980	2,344	47.0	2,648	53.0
1981	2,675	51.5	2,524	48.5
1982	2,766	50.2	2,740	49.8

the organic composition of the products also improves continuously; therefore, we must demand that the production of the means of production be greater than that of the means of subsistence. We should not feel that since the percentage of light industries is gradually surpassing that of heavy industries, and since people's living standards have also improved gradually in recent years, we have already done enough coordinating of heavy and light industries and cannot change the relative proportions of the two anymore. Some people consider the fact that last year the percentage of heavy industries climbed a little and the percentage of light industries dropped a little to be evidence of lack of coordination. We should, instead, regard the fact that the percentage of heavy industries is gaining on that of light industries as a phenomenon that complies with the principles of economic development. We should regard the current phenomenon whereby the percentage of light industries is greater than that of heavy industries as only a temporary reverse development.

Capitalist countries in the world, traditional or newly established, (not to mention the Soviet Union and East European nations) all have experienced changes from a "light industry structure" to a "heavy industry structure." (See Tables 3, 4 and 5.)

Table 3 Changes in the Percentages of Heavy and Light Industries in Relation to the Gross Value of Industrial Production in the U.S. (%)⁵

	<u>1800</u>	<u>1900</u>	<u>1929</u>	<u>1939</u>	<u>1969</u>	<u>1975</u>
Light industries	65.4	55.8	44.3	47.1	35.7	34.3
Heavy industries	34.6	44.2	55.7	52.9	64.3	65.7

Table 4 Changes in the Percentage of Industries in the Means of Production and Industries in Consumer Goods in England (%)⁶

	<u>1740</u>	<u>1783</u>	<u>1812</u>	<u>1851</u>	<u>1881</u>	<u>1907</u>	<u>1924</u>	<u>1960</u>	<u>1970</u>
Industries in means of production	16	29	31	40	47	58	53	58.9	61
Industries in consumer goods	84	71	69	60	53	42	47	41.1	39

Table 5 Changes in the Percentages of Heavy and Light Industries in Japan (%)⁷

	<u>1920</u>	<u>1930</u>	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>
Light industries	72.8	64.6	30.0	55.8	43.6	37.8
Heavy industries	27.2	35.4	70.0	44.2	56.4	62.2

The above tables illustrate that even though each nation experiences different circumstances, in the context of the entire industrial development, except for certain special periods, the percentage of light industries gradually decreases as that of heavy industries gradually increases. This trend continues until heavy industries take up a greater percentage than light industries. This is a common and pervasive principle. Lenin's theory that "the output of the means of production grows even faster than that of consumer goods"⁸ is accurate both in theory and in practice. Although the output of consumer goods may increase faster than that of the means of production during special periods for special reasons, the overall trend whereby the means of production increases even faster cannot be altered.

Of course, China faces problems that are uniquely Chinese, problems that are different from those in other countries. One of the problems is that China is a nation with a large population and a weak foundation; the other is that China is a socialist country. These factors presuppose that we make the production of agricultural as well as light industrial consumer goods our point of departure and our eventual goal. But we should also be aware of the fact that the continual growth of consumer goods will not be possible without an even faster increase in the means of production. In recent years, as we have solved the basic problems of feeding our people, and as our people are becoming more particular about what they eat, they are also paying more attention to what they wear and to the appliances they use. In terms of commodities, people are turning to more expensive ones from less expensive ones. This kind of consumer trend and psychology requires corresponding changes in heavy industries.

III

It seems that the coordination between heavy and light industries and the stabilization and expansion of an advantageous environment do not rely upon

controlling the production of heavy and light industries but rather upon the restructuring of the mix of products of heavy industries and upon the inclusion of heavy industries along with agriculture and light industries into the field of technological transformation.

Lerin pointed out that "the bottom line is that the output of the means of production is definitely related to the output of consumer goods because the manufacturing of the means of production is not done for the production of the means of production itself but for the increasing demands by industrial departments manufacturing consumer goods for the means of production."⁹ In the past, the proportions of our heavy and light industries were badly coordinated. The main reason was that heavy industries drifted away from the practical needs of society, became increasingly self-serving and offered relatively less service to agriculture and light industries. As a result, agricultural as well as light industrial equipment was inadequate, raw materials were scarce, production was always behind schedule and the supply of consumer goods failed to meet the people's demand. The overall situation can be described as "one industry taking the lead while thousands of others lag behind." In recent years, heavy industries have achieved commendable results in improving the mix of products as well as their services. But more efforts should be made in the following areas:

First of all, we must actively develop transportation as well as energy resources such as coal, electricity and gas. China's transport facilities for energy resources can no longer meet the needs of economic development. It has been estimated that this critical situation will not be eased in the near future. Therefore, we should fully develop the potential of existing enterprises on the one hand and undertake priority construction in order to increase productivity on the other. The decision by the Central Committee to engage in a series of projects to construct transport facilities for energy resources is a very accurate one. We must concentrate our finances as well as our materials on the construction of these projects to assure their completion on schedule. At the same time, we have to encourage local governments to raise money for the development of small-scale coal kilns, minor plumbing equipment and transportation facilities in order to ease the critical situation in energy transport facilities.

Second, we should develop industries in metallurgy, chemical engineering and construction materials in order to meet the demands of agriculture, light industries and capital construction and to meet the people's demands for steel materials, copper materials, aluminum materials, sheet glass and chemical products. These products not only have great potential for development but are also significant in the overall national economy. We have already talked about the shortage of important raw materials essential to light industries. Now let us talk about the chemical industry. In 1982, even though China produced 12.781 million tons of chemical fertilizers, the demands of the peasants simply could not be met. If we actively engage in the production of chemical fertilizers, not only can we increase agricultural production but we can minimize foreign exchange. On the other hand, at the present time, more than 60 percent of the raw materials used by China's light industries come from agricultural products. As the economy continues to expand and as technology progresses, change is bound to take place in the composition of raw

materials. The growth of chemical products will enable the textile industry gradually to replace cotton products with products of synthetic fiber. This not only will improve the quality of textile products, improve economic results and accelerate the development of light industries but will also be significant in the expansion of agricultural production and, in particular, of foodstuffs production.

Finally, we should continue restructuring the mix of products of the machine industry in order to upgrade equipment and transform technology. The machine industry is an important sector that provides various departments in our national economy with technological equipment. The coordination between products of the machine industry and agriculture and the heavy and light industries determines not only the technological standards and future of various departments but also the harmonious coordination between them. At the present time, the enterprise units, the primary value of fixed assets and the annual gross value of production of China's machine industry take up about one-fourth of that of all the industries, and the machine industry employs about one-third of the total population engaged in industry. Products of the machine industry are relatively more complete if the industry is better equipped technologically. But the sales of machinery products indicate that the supply of some products is greater than the demand, and the large volume of the accumulation of goods prevents production facilities such as machine tool and casting equipment from developing fully. On the other hand, the facilities of agriculture and light industries are still very backward; the machine sector contributes so little every year that needs simply cannot be met. Light industries face difficulties resulting from obsolete equipment, aged factory buildings, old-fashioned artifacts and products. Analyses based on relevant information indicate that in 1980 900 out of 2,500 types of equipment in light industries were ineffective and inefficient and needed immediate upgrading. Six hundred of these had to be eliminated right away.¹⁰ This proves that the machine industry is still unable to coordinate with agriculture as well as with light industries. Therefore, we must, with the exception of equipment for general services, restructure the mix of products of the machine industry, increase the production of those agricultural machinery that are marketable, increase the percentage of equipment employed by light industries and accelerate equipment upgrading and the technological transformation of agriculture and the light and textile industries. Even though we will continue to stress the transformation of the light, textile and food industries with a complete set of imported equipment, we must independently expand our own machine industry, for modernization cannot be realized through imports; this is especially true with China's modernization movement.

Marx pointed out that "if the utility of an individual commodity is determined by the degree to which that commodity is demanded, then the utility of the total volume of social commodities is determined by the degree to which each individual commodity is demanded. Consequently it determines if labor is distributed across various sectors in proportion to the social demands for products produced by various sectors.... Here social demands--utility on the social scale--determine how the total labor time in society is distributed to each individual sector in the national economy."¹¹ It is my belief that the rationalization of the economic structure, or the harmonious coordination

between each individual sector in the national economy, relies upon the fulfillment of the demands for the means of production through the production and reproduction of such means; it also relies upon coordination between the production of consumer goods and the increasing needs of the people as a result of the improvement of material life. These coordinations should be conducted according to the level of our productivity. We should act by these guidelines as we restructure our economy by solving problems such as the accumulation of products and the failure to meet demand. These guidelines should apply to both heavy and light industries. If we do not recognize and handle the coordinating work in a pragmatic manner but instead emphasize overall control of heavy industries or even regard the restructuring of the percentages of heavy and light industries as "limiting heavy industries in order to protect light industries," more disorganization is bound to emerge.

The biggest lesson that we have learned in the past 30 years or so is that we must insist on the epistemology of dialectic materialism and must stay away from arbitrary uniformity. Any kind of arbitrary uniformity will jeopardize the internal relations of the reproduction process and create more serious disorganization. For instance, during the first "Five-year Plan" period, it was correct for us to prioritize the means of production, but we overdid it and became negligent of light industries. This resulted in serious disorganization. It is absolutely correct for us, at the present time, to stress light industries while adhering to the principles of the "six priorities," but we should not become negligent of heavy industries or try to control them in an arbitrary manner. We should be aware of the fact that China's national economy is developing at an accelerated pace. There are new problems emerging in a complicated manner. These problems are intricately interconnected. For instance, both our priority projects and our light industries urgently need steel and other kinds of essential materials, but these are in short supply, and if we just limit one sector in order to protect the other, we may very well be making strategic mistakes. Therefore, the solution to these problems is to do our utmost to increase production so that the gross volume of production can meet the society's demand for each individual commodity; otherwise, we might make the mistake of "haste makes waste."

July 1983

Notes:

1. "China Annual Record of Statistics," 1981, p 336. Statistics for 1982 are deduced from relevant figures.
2. "Economic Reference," 6 June 1983.
3. "Economic Reference," 6 June 1983.
4. Arrived at in accordance with figures given in "China Annual Record of Statistics," 1981, and "Reports on the Results of National Economy and Social Development, 1982." The gross value of production for 1978-1981 is calculated on the basis of the prices in 1970. The gross value of production for 1982 is calculated on the basis of the prices of that year.

5. "The Economic Structure of Major Capitalist Countries," China Publishing House of Social Sciences, 1981, p 13.
6. "Industrial Structure," Enterprise Management Publishing House, 1982, p 203. Figures for 1960 and 1970 are deduced from relevant figures.
7. "Anthology of Essays on Foreign Economic Structures," China Publishing House of Social Sciences, p 172.
8. "Complete Works of Lenin," Vol 1, p 72.
9. "Complete Works of Lenin," Vol 4, p 143.
10. Liu Hong [0491 3163] and Wei Liqun [7614 4409 5028], "China and Strategies for China's Economic and Social Development," Red Flag Publishing House, 1982, p 87.
11. "Complete Works of Marx and Engels," Vol 25, p 716.

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FINANCE AND BANKING

FINANCIAL SYSTEM RESTRUCTURING PROBLEMS STUDIED

Beijing CAIZHENG YANJIU [FINANCIAL AFFAIRS] in Chinese No 2, 31 Mar 84 pp 15-27

[Article by Tian Yinong [3944 0001 6593]: "Some Problems in the Restructuring of the Financial System"]

[Excerpts] The 12th Party Congress put forward the magnificent strategic goal of realizing the quadrupling of the annual gross output value of industry and agriculture by the end of this century. To achieve this grand historical task, to achieve quadrupling only for good, and not for disorder, absolutely is not a simple matter. We must in accordance with the lines, principles, policies and the strategic plan of proceeding in two stages formulated by the 12th Congress, carry out hard work perseveringly and unremittingly for creating the new situation in socialist modernization construction. Comrade Deng Xiaoping points out that to carry out organizational restructuring and economic system restructuring is one of the four guarantees in persevering in the socialist path and concentrating efforts in carrying out modernization construction; it is also an important problem requiring close attention for a long time to come, at least for the twenty some years until the end of this century. Other comrades in central leadership have also repeatedly pointed out the long-term nature and the importance of restructuring the economic system.

We Marxists firmly believe that socialism possesses far greater superiority than capitalism; our socialist constructions of past thirty some years have earned great accomplishments which attract world wide attention. But, our construction work has also suffered many setbacks. This has many reasons, one very important one is the problems which exist in the system. Thus, basically speaking, to restructure the economic management system concerns the question of bringing the superiority of the socialist system into full play.

Our country's economic management system, during the period of the first 5-year plan, primarily imitated the Soviet Union's. Of course, to do that under the historical conditions at that time was not incorrect. Eventually, Comrade Mao Zedong in his treatise "The Ten Great Relationships" in 1956 raised the problem of the economic system; in 1958 he further proposed to do away with superstitions, to liberate thinking, to cast off crutches, and to walk one's own road. We have also carried out several experiments in comprehensive

restructuring of the economic system, but because of many different reasons, none has obtained the proper results. Only after the Third Plenum of the 11th Central Committee did the economic system restructuring then enter a new historical period.

Comrade Zhao Ziyang's 6th People's Congress report pointed out clearly and definitely, "presently the goal of the reforms that we are now or soon shall carry out is to defeat the abuses and shortcomings in the former system which have hindered the development of the society's productive forces, gradually formulate a new economic system which will suit our country's conditions so as to construct a socialism possessing distinctive Chinese characteristics." This is to say, we are restructuring our system first to liberate the productive forces, and secondly to construct a socialism possessing our country's distinctive characteristics.

Socialist production is socialized mass production; to develop it at a relatively fast rate, just speaking in terms of system management, will require several conditions: first, to enable grassroot units--foremost are grassroot units and workers of the material production department in industry, agriculture, communication and transportation, postal and telecommunication service, construction and commerce--to bring their administrative and managerial zeal and initiative into full play, while arousing enthusiasm in departments and regions, so they can actively think of solutions, tap potentials, develop production and increase accumulation. Secondly, to bring that enthusiasm into full play and sustain it lastingly, besides relying on ideological and political work, the principle of material benefits must also be implemented to give businesses vitality and drive we must assign them definite financial power and financial capacity and put into effect the combination of responsibilities and rights. Or else, enterprises will be stifled, their initiative too little, responsibilities and rights will not be integrated, and the enthusiasm of businesses and workers will be fettered. Thirdly, we must implement what Marx called the objective law of distributing social labor according to need which any society must observe, and, adhering to the principle of distribution according to work, implement more distribution for more labor, correctly handle benefits according to the three aspects of nation, collective and individual, plus we must take into account both immediate and long-term interests.

The financial management system is an important component part of the entire national economic management system. It serves as a mechanism to realize the overall tasks of the party and the country in different time periods. Thus, financial system restructuring as part of the entire economic system restructuring possesses an important position and function. This is determined by the nature and function of our country's finance. For a socialist country to consolidate political power, to develop the economy, to gradually enhance the people's material and cultural life, it must utilize the powerful distribution lever of finance well. Therefore, in each period of economic system restructuring, we put financial system restructuring in an important position; especially when it was the focal point of the restructuring's contradictions, everyone would ask that the financial system restructuring be done first. Why would this situation arise? I think, this is not

determined by peoples' subjective desires, but reflects the important role financial system restructuring plays in restructuring the entire economic system.

(1) To accomplish the political and economic tasks it shoulders, every level of political power must necessarily have corresponding financial power and financial capacity. This is the great power of party, politics, finance and culture which people often speak of. At the same time, it is more or less the same with regard to every department, every unit: each must also necessarily have corresponding financial power and financial capacity. Therefore, it is very natural for everyone to attach great importance to and ask for a restructuring of the financial system during an economic restructuring.

(2) Our country's economy implements primarily the principle of a planned economy assisted by market regulation. This requires the proper handling of the relationship between the concentration and decentralization of financial power, the proper handling of the relationship between the overall situation and the localized situation, the relationship between ensuring the main point and taking into consideration the general, the relationship between long-term benefits and immediate benefits, to enhance the national economy's proportional and planned development.

(3) The problem of finance directly relates to the problem of material benefits of every locality, every department, every unit of business enterprise and the great masses; financial distribution must be handled well, so as to mobilize the enthusiasm of all sides.

(4) Every item of economic system restructuring has a close relationship with financial system restructuring; each incorporates the problem of the distribution of financial power and financial capacity. Such questions as the expanded autonomy of business enterprises, workers' wage reforms, and price reforms, cannot be separated from the distribution of financial power, and all of which need certain financial backing.

(5) Our country's economic management system has for a long time harbored the major defect of "eating out of the common pot;" enterprise does it to the country, employees do it to the enterprise, a strict economic responsibility system is lacking. This is an important reason for the low level of economic beneficial results. And "eating out of the common pot" has a close relationship with the fact that for a long period of time all the financial system's state expenditures and income was too tightly controlled. Thus, in seeking to change "the common pot" in the economic system restructuring, financial system restructuring must bear the brunt.

With regard to the directions of restructuring, Comrade Zhao Ziyang in the report to the 6th People's Congress has talked about it quite clearly. He pointed out: "Each step and measure of reform must help accomplish the various tasks prescribed by the state plan, be favorable to the coordinated development of the national economy, and the various economic

economic activities achieve a relatively high level of social economic benefit, be favorable to taking into consideration the benefits of the country, the collective and the individual, and ensure a reasonable increase in the country's revenue year by year." Therefore, the various leadership levels of our finance department must attach great importance to finance-related restructuring, raise the level of self-awareness in restructuring, keep pace with the restructuring, work hard to do a good job in restructuring the financial system, actively enhance the development of the entire national economy, raise the level of economic beneficial results, and ensure the steady increase of the country's revenue. Of course, restructuring the financial system is a rather complicated problem; we must do a good job in investigation and research, seriously summarize experiences and carry it out actively and safely. Only then will we get relatively good results and the proper functions will be brought into full play.

The central problem of the financial system is to correctly handle financial and property relationships between the central authorities and local authorities, between the state and enterprises, and those between units of enterprises; bring the enthusiasm of all sectors into full play, under the precondition of raising the level of economic benefit; raise even more funds for the Four Modernizations, and also use and manage these funds well. We must properly amass funds to ensure the construction of key state projects, while also being able to take into consideration the reasonable needs of every region, every department, every unit. To solve this problem well, we think that from now on the financial system should, in concert with the developments and changes in the political and economic situations, coordinate with other restructurings of the economic system, concentrate on the existing problem and further restructure and perfect. The present financial system has broken with past practice of unified receipts and expenditures, has expanded the financial power of localities and enterprises; enhancing and enlivening the economy. But the following several problems still exist: One is that finance funds are overly decentralized; right now the ratio of state revenue to national income has decreased from the former 30 percent or more to a little more than 25 percent. On the one hand, funds for the country's construction of key projects are insufficient, while on the other hand, localities, departments and enterprises are doing quite a bit of duplicated construction. Second is the problem of central finance: right now the proportion of direct receipt income of central finance is only about 20 percent, it must rely on the remittances of the localities to get by and has no room for maneuver. Third is that while the method of unified receipts has been disrupted, the method of unified spending has still not been completely undone. The differentiation between revenue and expenditure is not clear cut enough, the integration of responsibilities and rights is not close enough; being "responsible for the task until it is completed" in practice is still "being responsible for the task but not completing it." The enterprises' deficits, whether large or small, are still taken care of by the public finance. Thus, from now on there must be further restructuring of our country's financial system. I think the method of restructuring is primarily to implement, on the basis of perfecting the system of substituting taxes for profits, a financial system having a differentiation of various tax categories as primary and a relatively comprehensive, multi-level management.

from now on the structuring of the financial system should observe and follow the following principles:

1. In order to construct a socialism of distinct Chinese characteristics, our country's financial system from now on must be of Chinese style, must fully consider China's conditions, must be able to even better serve the realization of the overall lines and overall tasks of the new historical period.
2. From now on the financial system must follow the guiding principle of raising the level of economic results, must be able to actively encourage every unit to spend the least amount of labor to obtain the maximum economic results. The evil of "eating out of the common pot," which the financial economic management system has for a long time harbored must be broken at the foundation to properly integrate responsibility, authority and benefits.
3. The restructuring of the financial system must bring into full play the initiative of the central authorities, localities, enterprises and individual workers. To make overall plans which take into consideration local factors and take care of the interests and needs of everyone requires that in the process of distribution and re-distribution of financial resources, the distributional relationship of all sides be handled well. Of course, taking into consideration everyone's interests does not mean equalitarianism, there should be the primary and the secondary, the first and the latter: the local situation must be subordinated to the overall situation.
4. The financial system must, in accordance with the requirements of socialistic planned economic laws, strengthen macroeconomic control; at the same time enliven the microeconomy. This means to manage the big things, let the small have free rein. The proportion of the state financial revenue must gradually represent around 28 to 30 percent of the national income. Finance funds must be appropriately centralized, maintaining the leading position of the central authority.
5. From now on financial system restructurings must be carried out under the overall planning and direction of the restructuring of the entire national economic system, plus also gradually form a whole with the closely related economic system restructuring; at the same time, to carry out major financial and economic restructuring, consideration must be given to a certain finance reserves.
6. As to the relationship of the state and the enterprises, besides collecting taxes according to regulations, and after collecting fees, excess profits should be left for the use of the enterprises, to expand the autonomy of the enterprises, so that it can truly take care of its own financial affairs, assume sole responsibility for its profits and losses, and break the corrupt practice of eating out of the common state pot.

When designing the financial system restructuring program, attention must be paid to properly handling the following problems:

(1) In accordance with the requirements of the State Council, accomplish the second step of tax substitution and the restructuring of the entire tax collection system. From now on financial revenues would primarily be collected through tax collection. This way, the stability of the state's revenue can be assured; on the other hand, the profit retained by the enterprise can gradually reflect the good or bad results of the enterprise's management. This can create the conditions to have the enterprise gradually assume sole responsibility for its profits and losses. While there is the pressure on the enterprises, there is also the driving force and the vitality to solve the problems of enterprises' "eating out of the common state pot." Thereafter, the restructuring of the wage system can be carried out step by step, seriously implementing the principle of distribution according to work, solving the problem of the staff and workers "eating out of the common enterprise pot." In this way, enterprises will be compelled to strengthen economic accounting, improve management and administration, ensure increases in production and revenue, creating even more wealth and making more contributions to the country. At the same time, after implementing the second step of tax substitution, the state can collect taxes from the enterprises according to law, which also helps the gradual breaking of barriers between departments and localities, and reduces unnecessary administrative interference, and helps to adjust the enterprises' structure based on actual conditions and to set up a rational overall distribution. This is the core question in the further restructuring of the financial system from now on; having solved the problems of the two "common pots," there will be a basis for the other aspects of the restructuring.

(2) Effect a total separation of central and local financial revenue and expenditure. The division of revenue and expenditure must ensure the central finance's leading position; so as to ensure construction of key projects, and the balancing of surpluses and deficiencies between regions, the central financial revenues must represent about 70 percent. This is not to just take care of the expenditures at the central level, but also includes the balancing and subsidies for local finances. From now on, when establishing various categories of tax revenue we must not only take into consideration the size of the tax revenue source, but must also consider how the categorization favors the planned development of production. Generally speaking, three categories must be established: state taxes, local taxes, and state and local shared taxes. The larger amount of tax should be assigned to the central authorities; taxes of a local nature and small miscellaneous tax revenues should be assigned to local authorities. Some categories of tax can be shared proportionally by the central authorities and the local authorities, serving as a means of income adjustment by the central authorities for the locality. The division of expenditures, after the separate establishment of tax categories, should appropriately regulate the limits of local expenditures, primarily to properly solve the problem of dividing funds for capital construction and expanded reproduction. I advocate carrying out highly centralized unified management of capital construction which impacts on the overall national economy, allowing the central authorities direct control, unified planning and arrangements for usage. This helps control the overall scope of capital construction, and prevents duplicate construction. Local expenditure would only be used

for urban construction, investment for capital construction of commercial service networks and city facility developments such as schools, hospitals and other areas as needed, and would no longer be planning the large and medium size construction projects. Of course, this one change is relatively big, and involves the local government's authority. At the same time, it must still be considered in light of restructuring the planning system; the final decision must be left to the central authorities. As to the dividing up of other expenditures, handling them according to the principle of unit subordinational relationships should make them relatively easy to solve. After centralizing the majority of revenues at the central authority, certain needs of the local authorities can be subsidized with special funds.

(3) Implement a multi-level contract financial system of long-term stability. Once the revenue distributional relationship of the state and the enterprises is fixed in a tax-law form, except for going through the legislative procedure to revise the tax law and tax rate, no unit or individual has the authority arbitrarily to change it. After implementing a financial system of multi-level management wherein the relationship between central and local authorities is characterized by divisions of tax categories, we should implement the contract system and keep it unchanged for a definite number of years, allowing each to lead its own life, each to seek its own balance. Temporary difficulties can be solved by borrowing between the central and local authorities, between localities, or from a bank, with repayment delayed until the situation has improved.

(4) For the utilization of finance expenditures we must implement a system of repayment or a system of economic responsibility. All capital construction investment which produces economic benefits has been changed from allocated funds to loans, with good results; circulating funds since the latter part of 1983 have all been changed to bank loans; from now on, all the expenditure which can produce economic benefits such as funds to support agriculture can also be considered for repayable funding. For some expenditures, a (contract) agreement can be signed with the utilizing unit, stipulating the rights that may be enjoyed, and also clearly stipulating the tasks which are to be accomplished and the responsibilities that are to be shouldered.

(5) With respect to nationality autonomous regions and certain regions which economically implement special policies and flexible measures, the financial system must be given additional consideration. In accordance with the party's nationality policy, our country has consistently given a lot of consideration to minority nationality autonomous regions, and has played a positive role in changing their backward appearances and in promoting the development of their economic and cultural construction. From now on these considerations should be retained in principle; in addition definite legislative authority must be given to fully reflect nationality autonomous power.

(6) Build up township finance. After the separation of state and commune, the State Council has already issued an order for the institution of township-level financial organs, to solve the needs of township-level political authority. In order to solve the needs of agricultural villages, besides relying on the power of the collective, a definite range of revenue and

expenditure must also be assigned so as to legally actively organize receipts, to plan out expenditures that are in line with local conditions.

(7) Strengthen the management of funds outside the budget, institute comprehensive financial planning. Presently there are broad categories of funds outside the budget with large figure amounts and many management problems. If management is not tightened with respect to this portion of funds, the impact on the state plan will be very great. In 1983 the whole country formulated measures to seek gradual establishment of a complete management system covering every item outside the budget. At the same time, a comprehensive financial plan was established to carry out comprehensive balancing of funds within and without the budget and of bank credit funds.

(8) Strengthen financial supervision, tighten financial and economic discipline. Having implemented a relatively thorough multi-level management system, it is even more important to strengthen financial supervision, tighten financial and economic discipline, require each locality, each department and each unit, in accordance with the system's provisions, perform each of their responsibilities of their own accord, observe all categories of financial and economic rules and regulations and not arbitrarily act beyond the fixed limits of their authority. In this way can there be unity without suffocation, freedom without chaos.

The above are only several important principles and outlines for the restructuring from now on. Concrete plans need further research. Determining exactly what kind of system is Chinese style and is relatively complete requires unceasing practice, unceasing summaries, unceasing investigations. We believe that under the proper leadership of the Central Party and the State Council, through the process of practice, understanding, practice again, understand again, we will surely create our own path.

With respect to how to define the importance of the financial system, what exactly if any are the experiences worthy of absorbing from our country's financial system restructuring, what are the laws, how to restructure from now on in a relatively reasonable manner--these can all be further thoroughly researched. The above are only some personal viewpoints, brought up to be discussed with everyone.

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FINANCE AND BANKING

CONCRETE MEASURES OF HUNAN FINANCIAL INSPECTION

Beijing CAIWU YU KUAIJI [FINANCE AND ACCOUNTING] in Chinese No 4, 20 Apr 84
pp 20-22

[Article by the general section of the main office of the Chinese People's Bank of Construction: "Carry out Financial Inspection To Spur Construction Enterprises To Raise Management Level"]

[Text] Implementing the spirit of the directives issued by the State Council and the provincial government on carrying out general financial inspection in the enterprises, the Hunan branch office of the Construction Bank carried out financial inspection in construction enterprises at and above the county level and achieved fairly good results in strengthening financial management, strictly enforcing economic and financial discipline and increasing revenue by having enterprises conduct self-examination and the Construction Bank conduct reexaminations.

Measures adopted by the Hunan branch office are as follows:

1. Formulate measures and implement them at all levels. The Hunan branch office summed up experiences and lessons gained in the general financial inspection of the past and conscientiously studied and made arrangements for the concrete measures of this general financial inspection. First, it made timely arrangements. In light of the directives issued by the provincial government on increasing income, economizing on expenditures and opposing waste, the Hunan branch office organized vocational offices and departments to conduct discussions in a timely manner, issued circulars on conscientiously carrying out the provincial general financial inspection in construction enterprises and made concrete arrangements at the provincial forum of Construction Bank directors. Second, it specified measures. The scale, content, methods, time and requirements of the inspection were all specified in documents in concrete terms to make things easier for assigned offices to carry out inspection work rapidly. Third, it concentrated forces. In addition to supervising and promoting general inspection work, the Hunan branch office transferred some specialized personnel from its subsidiary offices to form inspection groups in charge of the selective examination of key enterprises. All prefectures, cities and counties carried out the inspection jointly with all departments concerned. Because both higher and lower levels set to work with every level assuming its responsibility, the general financial inspection was enacted in a relatively thorough and

down-to-earth manner.

2. Focus on key units and use them to bring along other units. In view of existing forces, the Hunan branch office decided that enterprises and departments in charge should mainly conduct self-examinations and that construction banks at all levels should concentrate forces on the reexamination of key enterprises. This achieved twice the results with half the effort. For instance, the Hunan branch office organized 12 specialized personnel to form an inspection group. This group spent 15 days clearly and thoroughly examining a certain provincial construction company, from its main office to grass-roots units and from its cost of production, funds and materials to various running accounts and its implementation of financial and accounting systems. Using such methods as auditing accounts, checking vouchers, analyzing accounting affairs and tracing their roots, this group discovered nine violations of economic and financial discipline and verified the conclusion that this company owed the state 523,000 yuan in profits and taxes. In order to verify the issue concerning this company's unauthorized increase in the proportion of profits it retained for overhaul funds, this group audited over 20 books covering this company's financial status in the past 3 years or so, analyzed over 200 auxiliary accounts and checked over 200 voucher books and over 3,000 original bills. It also verified and listed every item in chronological order which made the enterprise truly convinced. On the basis of the self-examination by enterprises and the reexamination by assigned bank offices, the central branch office of Changde Prefecture organized 14 backbone employees to form 2 inspection groups. These groups conducted comprehensive spot checks in three key units in the prefecture and discovered that these units should pay 259,000 yuan in profits and taxes in addition to the 177,000 yuan of profits they owed the state that are discovered through the enterprises' self-examination.

3. Implement policies vigorously and handle cases conscientiously. Problems discovered in the inspection were handled resolutely according to the principle of the State Council and the provincial government on handling financial inspection problems. Problems discovered by construction banks through re-examinations were handled strictly to ensure that policies were implemented. For example, the Changsha City Construction Bank reexamined a key unit, a certain city construction company, and discovered that this enterprise evaded 227,000 yuan in taxes and profit deliveries and 13,000 yuan in energy and communications key construction funds. The city tax office immediately issued a notification and collected 125,000 yuan in taxes. Regarding the unauthorized withdrawal of excess overhaul funds of certain provincial construction company, a decision was made to trace this company's accounts back to 1981 to enforce economic and financial discipline strictly. After verification, 280,000 yuan were recovered for the state under this item. All county and city construction banks in Changde Prefecture joined efforts with county construction bureaus and finance and tax bureaus in organizing reexaminations. They conducted examinations, handled cases of violations and collected tax money all at the same time, doing away with a tendency in the past which emphasized examination but ignored the handling of cases. This general financial inspection on the one hand enabled the state to collect the money that should have been collected and on the other hand made a great impact on enterprises, gave them

a profound education and enhanced their sense of responsibility to the state and their understanding of economic and financial discipline. An enterprise leader said with deep feeling: Our understanding of policies was vague in the past. We did not behave as an honest person. Therefore, we deserve this punishment. From now on, we must learn from our lessons conscientiously and act resolutely according to state policies and regulations.

4. Vigorously carry out reforms, establish systems and strengthen infrastructure work. This general financial inspection of construction enterprises was based on helping enterprises change rules and establish systems, enforce a strict accounting system and improve and raise the enterprises' management level. While reexamining a certain engineering company, the Yueyang Prefecture Construction Bank discovered that many grassroots units did not establish accounting items according to the accounting system and that their bookkeeping was substandard. This bank not only helped these units correct their accounting errors and opened standard accounts but also offered the company's CPC committee suggestions and measures for consolidation and reform in corresponding areas. In view of the problems discovered during the inspection and the weaknesses in its management work, the Xiangxi Autonomous Prefecture Construction Bank set forth measures for improving the financial management of construction enterprises; 1) Strengthen the propaganda and education in financial and accounting systems and financial and economic discipline in light of the differences in current situations of different enterprises; 2) assist and urge enterprises to focus energy first on the infrastructure work and establish and perfect various books of original entry and enact a strict economic accounting system; 3) help and urge enterprises to establish strict procedures for collecting, distributing, receiving, returning and consuming materials, strengthen the link of purchases and on-the-spot management of materials, establish a system of examination, acceptance and registration and prevent and reduce losses and waste; 4) make strict definition of cost accounting and eliminate all fabricated items in the cost account; 5) train existing financial and accounting personnel and improve the quality of the contingent; and 6) cooperate with the departments concerned to deal severe blows at the serious violations of laws and disciplines by financial and accounting personnel such as graft, embezzlement, illegal distribution of public goods, bribery, speculation and retaliation and promote good people, good deeds and healthy tendencies. This general financial inspection gave enterprises both pressures and motives. In view of the problems that were discovered during the financial inspection, a certain provincial construction company held several CPC committee meetings and decided to make improvements in four fields: 1) Double-check the problems in all units and ensure that all money that should be delivered to the state is delivered; 2) handle all serious violations of economic and financial discipline as special cases; 3) convene all staff meetings to analyze the company's financial activities, sum up lessons and correct mistakes; and 4) strengthen the infrastructure work and the training of personnel in charge of financial affairs and materials to improve their competency.

REPORT ON GEOLOGICAL WORK FOR 1983-1984

Beijing ZHONGGUO DIZHI [CHINA GEOLOGY] in Chinese No 3, 1984 pp 1-11

[Report by Zhu Kun [2612 6064], vice minister of geology and mineral resources, delivered at the National Conference of Geology and Minerals Bureau Chiefs, 17 January 1984: "With Party Rectification as Motive Power, Quicken the Pace in Creating an All-round New Situation in Geological Work"]

[Text] Comrades! In the spirit of the 12th CPC National Congress, the 1983 National Conference of Geology and Minerals Bureau Chiefs determined the general struggle goal in geological work up to the end of this century and set forth demands to be made and measures to be taken to create an all-round new situation in geological work. In the spirit of party rectification, we shall use the present conference to review and examine the work done during the past year and set up our tasks for this year. Let us study the new problems, meet the new situation, raise our spirit, accomplish more work, quicken the pace in creating an all-round new situation in geological work and enhance our service to socialist modernization.

1.

In 1983, we took our first step toward creating an all-round new situation in geological work. It had been a year since the old cadres in the geological departments were smoothly replaced with new cadres in a spirit of mutual co-operation and since major progress was made with structural reforms. It has been a year of continued implementation of the "eight-character policy" and a year of very gratifying achievements in the geological search for minerals.

As we carried on in the spirit of the 12th CPC National Congress, studied the "Selected Works of Deng Xiaoping," launched attacks against criminal activities in the economic field and against criminality in general, and commended those doing exemplary political work at the grass roots, we also, since the 2nd Plenum of the 12th CPC Central Committee, started the work of party rectification studies and elimination of spiritual pollution and achieved a further change in the spirit and appearance of our vast number of employees and workers. The readjustment in the geology and minerals bureaus of our 28 provinces, municipalities and autonomous regions has been completed; it was also carried out in the 34 directly subordinated units of the bureau level and in the leading teams of 606 production brigades

(factories). A large number of excellent cadres, in the prime of their lives and technically proficient, have moved into leadership posts and have greatly raised the degree to which leadership teams have become more revolutionary, younger in average age, better educated and professionally more competent. The average age of the leadership teams of the bureau level has generally been lowered to 49 years, with 57 percent having had a university or college education. The average age of the leadership teams of the production brigades (factories) has been lowered to 44 years, with 44 percent having had a university or college education.

In the further readjustment of geological work, the second round of an all-out general oil and gas survey is now being launched, work in coalfield geology has been very much increased and the regional surveys at the 1:50,000 scale as well as hydrogeological and industrial geological work have been further strengthened, while the sphere of service of our geological work has been further widened.

The overall readjustment of grass-root units is being carried out step by step, and groups of qualified units have been installed. Several production brigades (factories) that are showing the excellent results of the readjustment have emerged, the No 1 Brigade of southeastern Hubei and the Chongqing Instruments Plant being representative examples. The readjustments have indeed been effective, have brought about beneficial results, have improved managerial quality and have changed the situation compared with what it had been before. Wherever the economic responsibility system was tried, new developments, in substance and in form, have been achieved. The Southwest Petrogeology Bureau established a test case in contracting for plan budgeting covering all bureau activities. The Jilin bureau is trying out a variety of different responsibility systems for geological survey units and mineral-prospecting units. The No 5 Brigade of Liaoning established very complete evaluation norms and management methods. The Jiangxi regional survey team contracted for regional surveying and mapping at the 1:50,000 scale. All these activities have shown excellent results.

We have achieved certain new results in the geological search for mineral deposits. An important breakthrough was achieved in the general oil and gas survey in the East China Sea, where a trial oil and gas flow was obtained at "Pinghu No 1 Well." The flow of gas of industrial quantities was obtained at "Chuan 92 Well" in northwestern Sichuan. In the depression west of Dongming County in North China, the difficulties in petroleum extraction were overcome for the first time. In the general survey and prospecting for solid mineral products, certain mineral deposits of industrial value were newly discovered and confirmed in our surveys and in some cases the prospects of certain deposits considerably increased. Geological results were particularly marked in coal, precious metals and nonmetal minerals. The newly increased reserves in 23 kinds of minerals, which were listed in the plan, can be most likely overfulfilled, with the exception of bauxite.

Geological work in connection with hydrogeological projects, which had to comply with important economic zones and land improvement plans, saw completion of

a report on melt-water resources in Shanxi and on the eastern slopes of the Taihang Mountains, furnishing more than 10 places as prospective water resource localities where pit-mouth power stations could be planned. A geological report was also submitted on the project at the middle reaches of the Huanghe River. The diversion of water from the Luan River to Tianjin was completed. Geological prospecting was also completed on such key items as the Jipazi earth slide in Yuntang County, Sichuan, and the water resources of the Huaibei No 2 Power Plant.

All the various important geological investigations can be completed in better time than planned. We have completed the regional surveys of 95,000 square km at the 1:200,000 scale, 29,000 square km at the 1:50,000 scale, aerial prospecting over 400,000 km of survey lines and regional gravity surveying over 540,000 square km. Aerial remote sensing work was conducted in 11 areas, including the Beijing area, and completed for 35,000 square km. After compiling geological records for Jiangsu and Jiangxi, the "Regional Geological Records" for Guangxi, Fujian and Anhui have been completed. The multi-element testing of specimens from regional chemical prospecting has been taken in hand, or is being conducted on a trial basis, at 18 provincial bureaus, among them Hubei and Liaoning. The task of survey mapping and printing has been effectively completed.

Geared to the search for mineral deposits, the scientific and technological research in geology has achieved excellent results. Several important scientific and technological achievements have been presented, among them prospects of long-term reserves in large Mesozoic and Cenozoic oil and gas basins, the basic characteristics and norms of evaluating our country's porphyry copper, etc., all of a very high level. New developments were registered in the research into the tin and iron ore dressing and the chemical properties of concave-convex "bang shi" clay and other materials. Positive results were also achieved in scientific and technical exchanges and in economic and technical cooperation with foreign countries. The joint Sino-Japanese petrogeology group speeded up the evaluation of the oil and gas reserves in the northern sector of the Ordos Basin.

There was also improvement in the quality of geological instruction. Last year, the state was provided with over 4,000 graduates from universities and polytechnic colleges, and over 52,000 staff and workers received training. Work was launched on projecting the future requirements of specialists in the geological departments and on a general examination of staff and workers to determine plans for the training of specialists and for the development of our contingent of qualified personnel and gradually to lay the foundation for a truly scientific management by qualified personnel. Outstanding achievements were also registered in the gathering of information on scientific geological matters, in the publication of books and periodicals and also in the popularization of the sciences and reporting.

Last year, exploratory drilling reached a monthly average of 351 meters and the rate of holes drilled according to standards reached 83.6 percent; both these figures established a record in our country's history. The sphere of

application of small-diameter exploratory drilling and of electrically driven drilling machines was further extended. The amount of trench exploratory work this year was greater than at any time during the last 5 years.

Technical equipment and living facilities were further improved, common items of equipment were continuously renewed and sets of well logging instruments, microscopes and testing instruments, all urgently needed in our field work, were newly acquired. Construction work covered an area of 1.51 million square meters, of which work was completed on 760,000 square meters, basically alleviating the shortage of buildings for production and housing.

The geological equipment industry achieved outstanding successes in increasing product variety, raising product quality and transforming deficits into surplus. The value of their factory production rose 27.1 percent compared to the year before, profits increased 97.7 percent and losses were reduced 46 percent. The amount by which profits increased exceeded the amount by which the value of production increased. Fifty-five new products passed evaluation, and four products were awarded the state's silver medal.

We are now taking the first steps in instituting management of the exploitation of our mineral resources. Last year, 28 provinces, municipalities and autonomous regions established mining administration organizations or appointed special staffs in charge of this work, and 25 provinces, municipalities and autonomous regions launched overall investigations of the conditions of exploitation and utilization of mineral resources and collected a large quantity of data.

In general, we did much work in 1983 and achieved marked successes. This is the result of the policy of readjusting, restructuring, consolidating and improving, a policy continuously and earnestly carried out by the large number of cadres in the geological departments and by the masses, and inspired by the spirit of the 12th CPC National Congress, and is also due to their persistent belief that searching for mineral deposits is the core of geological work and furthermore is due to their arduous efforts. As representative of the party organization in the ministry, I wish to express here cordial greetings and respects to all cadres and the masses at our geological front.

However, we must also be aware of the fact that our entire geological work is by far not meeting the demands of the socialist modernization undertakings. The coal deposits that have been clearly verified are not sufficient, there are too few mining areas for nonferrous metals that could be used in our construction and there is still much hydrogeological, engineering and environmental geological work to be done in key construction items, in major economic zones, in the supply of water to the town and countryside and in the basins of our large streams and rivers. Indeed, there has been no basic improvement in the effects of our geological search for mineral deposits and in the economic and social benefits derived from our geological work. The most prominent problems that are now present in our geological endeavors are: some provinces and regions are short on reserve bases for mineral prospecting, periods of periodic general surveys and exploratory prospecting are too extended, there is no cohesion between the various items of work undertaken,

all available strength is not concentrated, each single line of activity is left weak and the human, financial and material potential is not being fully exploited. The reasons that have brought about these problems are the lack of a sufficiently firm workstyle on the part of the leadership and the inadequacy of the spiritual consciousness for the task of creating an overall new situation. If this state of affairs is not amended, it will be difficult for our geological work to play its full pioneering role in our national construction, or it will even constitute a drag on our national construction. We must be fully aware of these facts.

II.

In 1984, the major tasks of our geological departments will be: continued implementation of the spirit of the 12th CPC National Congress; implementation of the policy of readjusting, restructuring, consolidating and improving, making the search for mineral deposits the core of all geological work, making party rectification be our motive power and strengthening ideological-political work; further effective improvement in the general arrangement of geological work; completion of the overall consolidation of most of our geological personnel; close attention to the development of our intellectual strength; advancement of our scientific and technological progress; stability for our technical personnel; and enhancement of the quality of our personnel. The organs of all departments and bureaus must accomplish the task of party consolidation, inspire enthusiasm, tap all available potential, work harder and take as the basic starting point the consideration of increasing the effectiveness of geological work in discovering mineral deposits and of the possible economic and social benefits that can result from such work. We must quicken the pace of creating a new overall situation in our geological work and must exert ourselves in service to national economic construction.

1. Take the Whole Situation into Account and Plan Accordingly, Make the Key Points Stand out, Make Dispositions Well in Advance and Further Improve the Overall Arrangement of Geological Work.

In order to achieve greater effectiveness in the geological search for mineral deposits, and enhance economic and social results, we must adapt our work to the needs of national economic construction and, based on full respect for the objective laws, always take the whole situation into account and plan accordingly, make the key points stand out, make dispositions well in advance, be of service on one's own accord and further improve the overall arrangement of geological work.

(1) The disposition of geological work must be closely integrated with the general arrangement and focal points of national construction.

Rendering service to the overall arrangement and to the focal points of national construction and being effective pioneers are principles that our geological work must follow. During the 34 years since the establishment of our government, our geological departments have done much work for national construction. The great majority of large-scale construction projects

planned for the earlier stages of the Sixth 5-year Plan are based on past geological work. The geological work basically satisfied the requirements of construction; it not only provided reliable data for key construction projects but also promoted improvements in the general disposition of national construction. Summing up past experiences, our geological work will even better conform to the needs of the socialist modernization undertakings. First, it will focus on the macrodisposition; second, it will render first class service. We shall, therefore, on the one hand, have to do a conscientious and good job of geological work which has already been planned as key construction projects and, on the other hand, must even stay ahead of construction and exert ourselves in working effectively in the geological work we are now faced with.

1. We must continue firmly to grasp geological work concerned with important minerogenetic areas and zones.

Geological work concerned with important minerogenetic areas and zones is work of strategic significance. Its aim is to help the state determine key construction projects and the planning of economic zones by preparing in advance the bases of mineral deposits and geological data.

Since 1982, the 81 projects in key areas determined by the ministry are being carried out one after the other, but their developments are very uneven. Among the 61 projects concerned with solid mineral deposits, 23 are cases where the prospects of possible resources have been expanded or where rather marked successes have been achieved. In 34 cases, no outstanding geological results were achieved or work was not properly set up and carried on. In four cases the prospects of finding mineral deposits did not fulfill expectations. Among the eight cases concerned with oil and gas, only the project in the East China Sea achieved a breakthrough of rather considerable dimensions. There are seven cases where preliminary preparations are in progress for regional evaluation and general investigation. Among the 12 cases of hydrogeological and engineering geological projects, 4 have been completed according to plan and the remaining 8 cases are expected to be completed within the next 2 years.

According to the above-stated circumstances, in the 77 cases where work is now in progress, especially in the 61 cases of areas and zones with good prospects of oil, gas and solid mineral deposits, new groups of personnel will have to be installed and suitable readjustments will have to be made. In the case of those strategic areas where conditions are favorable for finding mineral deposits and construction conditions are rather good, we will effectively strengthen our support, make the best dispositions one by one and strive for big breakthroughs. In the case of those minerogenetic areas and zones where there are prospects of resources but where the search for mineral deposits is beset with great difficulties, we shall organize scientific and technological means to overcome the difficulties, according to the concrete circumstances, and work energetically to bring about success as early as possible. In the case of minerogenetic areas and zones where prospects appear rather unattractive, we shall readjust our dispositions and reduce our support. In the case of those large-scale projects on which work will have

to go on for a long time, we must earnestly select our main direction of attack, cut down on work periods and group after group come up with results as quickly as possible.

2. We must actively participate in the planning of important economic zones and make efforts to promote the establishment and development of economic zones.

At present, in the important economic zones that have already been designated by the state, the comprehensive economic zones of Shanghai, the Shanxi economic zone with its emphasis on energy sources, heavy and chemical industry and the northeastern economic zone with its emphasis on energy sources and communications, planning work is proceeding quite rapidly, and planning has also been started for various other economic zones. The geological departments are faced with the following tasks: first, to provide, on their own initiative and in line with the developmental direction and focal points of construction, purposive data on geological mineral products with a many-sided social impact and actively to participate in the drawing up of plans for economic zones: second, to compile an overall unified plan and also separate plans of geological work for the provinces (regions), so that the disposition of geological work projects can be better adapted to the needs arising from the establishment of economic zones. Work on projects that have already been included in the plan must be strengthened. Projects that have not yet been included in the plan but that conform to the developmental direction of economic zones must be energetically pursued on one's own initiative. In the light of last year's participation in the planning of the Shanghai and Shanxi economic zones, when services are offered on one's own initiative, close attention will be paid by the departments concerned and this may lead to an opening up of new prospects.

3. We must conscientiously do a good job at geological work in the early stages of key construction projects.

During the earlier stages of work on the 279 items of key projects planned in the Sixth 5-year Plan, there were 156 items that were connected with geological work. Although for most of these items geological work had been completed, there was one section where the geological exploration of resources did not satisfy the demands of construction and which still urgently await solution. There are also quite a number of items requiring hydrogeological, engineering geological and environmental geological evaluation. At present, among the 28 items for which the geological departments are asked to carry out work, there are 13 items concerned with mineral products geological work and 15 items concerned with hydrogeological and engineering work. With the exception of a small number of items, most of the work has already been arranged for. Whatever has been arranged for should be energetically advanced, and high-quality geological reports should be submitted promptly. Items which have not yet been arranged for should be investigated, studied and executed. Projects for which geological work has been done, but where new geological problems have cropped up during feasibility studies, must be promptly attended to according to actual conditions, and a geological inquiry

must be instituted to ensure that key construction proceed smoothly. Apart from attending to the said 279 projects, dispositions must also be actively taken, provided that geological conditions are favorable and our capabilities allow it, in the case of the key projects of the departments and localities.

(2) There must be overall arrangement for various types of geological work and the internal work structure must be further improved.

To meet the manifold needs of national economic construction and of our social development, as well as the healthy development of our geological work itself, it is necessary to have overall planning while taking all factors into account. All the various kinds of geological work must be arranged in a comprehensive way, and the three large sections--basic geological work, the geological work of mineral prospecting and environmental geological work in a broad sense--must be developed in a harmonious manner.

We must continue to pay special attention to basic geological work. Regional geological surveys at the scale of 1:50,000 must be conscientiously arranged for and executed according to the spirit of last year's conference on 1:50,000-scale surveying. We must continue regional exploratory scanning and regional geophysical work. We must gradually undertake oceanic geological surveys with the emphasis on exploration of the physical properties of the oceans and on investigations of the placer deposits in the oceans. We must also continue to engage in differentiation of minerogenetic prospects, forecasts of total reserves, summing up of representative mineral deposits, the compilation of regional geological records, etc.

Geological work concerning energy resources must be retained as the focal point of our work, and it must be pursued energetically and effectively. The work of general oil and gas surveys and of the geological investigation of coal-fields must be actively launched in the spirit of the 1982 conference of specialists. We must place particular emphasis on geological work connected with coal-related natural gas, actively organize our strength, select key areas such as North China and the Ordos Basin, strengthen general survey work and strive for an early breakthrough. As to metalliferous ores, we must continue to strengthen our work connected with the mining of copper, tin, aluminum, lead and zinc, with comparable energy also to be devoted to gold mining. We must be clear and definite about the direction of our main attack and pay attention to selecting new types and large-scale mineral deposits. Our energy devoted to iron ore geology must not diminish, and where conditions are favorable, this work must be actively pursued. As to nonmetallic minerals, we must energetically strengthen geological work connected with potash and pay particular attention to a general survey and evaluation of the modern deposits of potash in the lakes of Qinghai and the potassium-rich brine in northeastern Sichuan and also to the prospecting for new potassium strata. Quick breakthroughs should be pursued in the areas where there are good prospects for potassium deposits in Sichuan, northern Jiangsu and other areas. We must continue energetic work connected with natural sodium carbonate, diamonds, boron, phosphorus, sulphur and certain mineral products that are in serious short supply and are needed as building materials and for

our light industry. We must continue to implement a policy of comprehensive surveys and comprehensive evaluations and must further broaden the territory in which we search for mineral deposits.

In our hydrogeological, engineering geological and environmental geological work we must further redeploy our support for more work on the initial stages of the state's key projects and energetically launch pilot projects in the hydrogeological and engineering geological mapping at a 1:50,000 scale of important economic zones and areas adjacent to key cities. We must continue to give effective emphasis to regionally oriented and basic hydrogeological and engineering geological work.

According to the tentative strategic plan of the central authorities for the development of the great northwest, which is to take place toward the end of this or early in the next century, geological work must move westward, proving itself an effective pioneer for the benefit of the national economic construction. For the present, we must emphasize such grass-roots geological work, as regional investigations, etc. and make preferential arrangements for geological work regarding water resources, sources of energy and exploration for minerals that are urgently needed by the state and in short supply as well as for those that are needed for construction in one's own district. We must energetically arrange for geological work regarding large-scale and desirable mineral products of high economic value.

(3) Clear up outstanding projects, redeploy supportive strength and ensure completion of key tasks.

Ensuring the completion of our key tasks requires concentrating our strength. We must conscientiously sift through the current projects, select the preferable ones for execution and resolutely shelve such projects that have already lasted for many years, are of small proportions and do not show promising prospects, while effectively redeploying our strength to work on the key projects. In projects that mainly consist of indoor work, we must also make appropriate readjustments on the principle of doing only what is within the limits of our capabilities, in order to provide ample strength for the first line of our technological endeavors. We must effectively organize, in a coordinated manner, geological work in important economic areas and important minerogenetic areas and zones with good prospects, cutting across provincial and regional boundaries. We must effectively organize a five-province cooperation effort for projects in the Shaanxi and Sichuan area and earnestly undertake pilot projects in the management of large-scale projects according to the minerogenetic geological units involved. We must effectively organize petroleum exploration across provincial and regional boundaries in the Ordos, the lower reaches of the Yangtse River and the eastern Xinjiang areas and bring the role of the comprehensive prospecting teams into full play in the general petroleum and gas survey.

At present, there are great discrepancies and a great unevenness between bureau and bureau and between brigade and brigade and in strength and in the conditions of their bases for prospecting. To ensure the completion of key tasks in key areas, and on the basis of the internal equilibrium within

the provinces and regions, the ministry has decided that, without changing the bases of the teams, a partial shift between provinces and regions should be carried out, as, for instance, the regional 1:200,000-scale survey undertaken by the Gansu bureau for the Qilianshan area of Qinghai. This is geological work that cuts across provincial and regional boundaries.

The effective compilation of a geological plan for incorporation in the Seventh 5-year Plan will be the foundation for a further improvement in the general arrangement of our geological work. Because the State Planning Commission has to draft plans for the Seventh 5-year Plan by the end of this year, we shall organize a special team that will undertake this kind of work, to be completed within a certain time limit.

2. Vigorously Push Reorganizations, Promote Reforms, Tap Potential and Increase Work Performance.

There is a large potential in various sectors of our geological departments. Through readjustments, reforms and improvements in management, we shall tap this potential to the fullest extent, increase work performance and produce more achievements.

(1) Launch all-out reorganization work.

The all-out reorganization work in the grass-roots units of the geological departments developed in an uneven and slow manner, quite at odds with the demand of basically completing the reorganization task within this and next year. This year is a decisive year for the completion of all-out reorganization work in the geological brigades (plants), when it is our objective to increase the effectiveness of our search for mineral deposits and raise the economic and social results of our work and when we make it our central concern to raise the quality of our geological brigades (plants) in order to achieve through hard work approximately two-thirds of the basic completion of the reorganization task among our units. First, strengthen and improve the leadership. The leadership at the two levels, in the bureaus and in the brigades, must themselves set about the task of reorganization and must establish responsibility systems, separately for each level, and a responsibility system of functional departments geared to the substance of the reorganization. They must train the leaderships of the brigade and plant levels, must actively spread the experiences of units that have been examined and found up to standards and must establish a team that will circulate to give guidance and carry out inspections. They must have the courage to deal with adamant attitudes and to solve conscientiously such problems as reorganizing the labor organization, marking off surplus personnel and tightening work discipline. Second, launch the activity comprehensively and quicken its pace. The reorganization work and adjustments of leadership teams at the brigade (plant) level during the past 2 years created favorable conditions for an acceleration in the pace of the readjustments. The great majority of bureaus should earnestly study the situation in their own units and from sectional reorganizations expand to an overall reorganization. Each brigade and plant must decide on a program and must itself launch the overall readjustment. The science and research units as well as the institutes and

colleges must also follow a pilot plan of readjustments. Third, ensure the quality of the readjustment work and prevent it from becoming a perfunctory performance. The various provincial bureaus should emulate the Hubei bureau and organize a crack team as a compact, relatively stable group for inspecting, checking and approving actions to deal effectively with the several aspects of self-examination and advance checking and to arrange further instructions where needed and formal approval. The checking and final approval of readjustments should strictly follow the "Basic Demands That Must Be Met at the Conclusion of Readjustments in the Grass-roots Units, published by the ministry, and units that do not meet the demands must heed makeup instructions to complete the process within a set time limit. If they still cannot qualify after two additional terms, one should investigate closely into the responsibility of the leadership and take appropriate steps according to the circumstances of the case. Fourth, units that have been checked and approved should make further efforts at consolidation and improvement. According to the demands of the "three items to be established" and the "six good qualities," a program should be drawn up in order to have as soon as possible sets of geological brigades and plants that possess the "six good qualities." The first steps in the endeavor to create the "six good qualities" should be taken by the bureau in Hubei, Yunnan, Liaoning and Jilin; they should probe and gather experiences that would be useful in future widespread applications. We must set about the task of studying the problem of how to improve the quality of our geological brigade (plants).

(2) We must energetically work to create favorable conditions that will help advance our reforms.

To initiate a new overall situation in our geological work, it will be necessary for us conscientiously to sum up our experiences and, on this foundation, energetically probe and search, be bold in breaking new ground and push forward with our reforms.

In the reform of the economic management of geological work, the experimental adoption of the economic responsibility system has brought excellent results. However, from an overall viewpoint, the system has not yet been sufficiently perfected in form, and is not yet sufficiently comprehensive and not yet adequate in its methods. This year, we must effect further improvements and development. Between bureaus and brigades and in the geological survey units and comprehensive geological brigades, we must institute such basic and feasible forms as plan budget contracting and shared economizing. It would be worthwhile to emulate the experiences of Jilin and Xinjiang and institute multiple evaluation norms with the main emphasis on the results of the geological search for mineral deposits and on economic results, credit work points based on the combined results, joint task loads and joint sharing and recording commendations, all these being measures that will overcome the tendency of the lopsided pursuit of economics and the taking of larger shares for lesser work. In the case of units engaged in prospecting for minerals and in engineering construction, also in certain other investigative methods that allow measuring, budgetary contracting and sharing in economies should be instituted according to the geological or engineering plans as well as

multiple evaluation norms with the main emphasis on actual measureable work performance and the quality and amounts of expenditures saved. These are comparatively mature methods; they should be summarized and widely applied. Effectively instituting economic responsibility systems within all units must at present be a major consideration. The basic methods of the Liaoning No 5 Brigade and other units in horizontally and vertically breaking down technical and economic responsibilities and contracting norms and implementing at all levels methods of "fixing, ensuring, evaluating and rewarding" are to be in one step further summarized, improved and actively promoted for widespread application. The leaderships at all levels must further rectify their guiding ideology, must proceed from reality and must continue to probe for concrete forms of economic responsibility systems for different types of work and for different administrative levels and to perfect further our system of evaluation norms and our methods of sharing and distributing bonuses.

The organizational reforms must be continued in depth. The division of labor between the party and the government must be further clarified. We must establish a solid system of personal responsibility for each person at his post and place the emphasis on a study of the simplification of administration, on a reasonable delimitation of powers, on a clear definition of duties and on an improvement of one's workstyle. With due consideration for the special characteristics of geological work, every level of our organization must establish a keen-witted and capable force, effective in the first line of our work. We must strengthen supervision by gathering feedback and holding consultations and strengthen the effectiveness of our research system, so as to build up gradually an administrative system for our geological work that meets the needs of modern scientific management and that is well coordinated throughout. As to organizing our geological work force according to the principles of specialization, there are some bureaus and brigades that have done this very well, but there are also units that are very problematical. We must continue to follow a policy of consolidation and improvement, actively sum up experiences and expound the need for economic results. Anything that seriously affects our work and the livelihood of our staff and workers, and that cannot be mended within a short time, should be subjected to a thorough investigation and detailed consultations and could then also be amended by methods of a division of labor according to specializations within the production brigades. Reorganizations that have been approved departmentally must still be reported to higher authority for approval. Since China is so large a country with a great variety of different conditions, the forms of the organization of our work force must be adapted to local conditions and must not be "cut with one knife."

This year, we must seize on some major problems, organize our strength, systematically investigate and study and step by step draw up our plan of reform, for instance, the reform of the planning organization of geological work, reform of the system of work performance, reform of the organizational forms of the geological work force and reform of the management system and management methods. In a small number of scientific research units, a system of contracts with remuneration should be tried out, and a system of providing equipment on a rental basis should be instituted on a trial basis. In these

exploratory reforms, we must pay attention to having them dovetail properly and forming a harmonious entity. We must set about the task of investigating, studying and scientifically proving, so as to determine progressively an overall reform program that will be suited to the national conditions of China and to the special characteristics of geological work.

(3) Improve management, tap potential and do more work.

For the all-round readjustment and perfection of the responsibility system it is necessary to work hard on the improvement of management and to do a good job of basic work. Certain units of the Liaoning and Yunnan bureaus are performing comparatively well, their management methods are being progressively improved and they do a solid job of basic work and have achieved outstanding successes. Some of the units in the Hubei and Jilin bureaus have gained certain useful experiences in scientific management. We must now start out from an improvement of the economic responsibility system. We must strengthen the work of compiling and reexamining our geological planning and the planning of work execution. We must improve the quality of planning, perfect the recording of all original records and establish unimpeded channels for the transmission of information and the gathering of feedback. We must establish a sound system of quotas for various levels, further improve the managerial systems of all kinds and draw up a scientific managerial work procedure or detailed rules and regulations. We must determine a system of evaluation norms for the different administrative levels and establish evaluation methods and procedures that are complete, yet concise. We must strengthen supervision, exhortation and inspection and ensure that all technical and economic activities are under strict control. We must conscientiously engage in studies, draw lessons from the advanced management methods of foreign countries, integrate our own managerial experiences, merge and refine and progressively institute all-round planning management, all-round quality management, all-round economic accounting and all-round labor and personnel management, including the training of staff and workers. We must explore ways of scientific management that are suited to the special characteristics of geological work and quickly raise the level of management of our geological work force.

The improvement of management must be directed toward an increase in work performance and an increase in work achievements. Starting this year, the discovery of areas of valuable mineral deposits and of reserves that have been appraised will be used by the ministry as plan norms and in evaluations. In 1981, the amount of exploratory boring was turned into a decisive norm, and this was of a certain positive effect in the correct handling of the relationship between objectives and methods and in curbing reckless boring operations. In the new situation, it has been decided to institute, starting this year, plan norm evaluation in order to strengthen management. We shall certainly have to accomplish the amount of boring work planned for this year and shall even strive to achieve more, but we must ensure the quality of this work; our objective must be to complete the geological tasks determined in the plan and avoid all reckless boring activities. We must strengthen the first line in our work and ensure that all time is fully used in our field work. We must firmly abide by the authorized strength of our work force and by our labor norms, resolutely cut down on our second line and transfer as many of our

geological personnel as possible and 70-80 percent of the backbone of our technical staff to the first line. We must link work in our particular province or region with the prevailing realities and stipulate in concrete terms the times for field work. Prospecting work must not be pursued for less than 9-10 months in the south nor for less than 7-8 months in the north. Geological surveys should also conform to these demands and field work should be increased. If working teams are withdrawn ahead of due time, the responsibility of the leadership must be closely investigated and in addition bonuses should be appropriately reduced or withheld altogether. We must ensure and raise the efficient utilization of time spent on field work. We must have an efficient check from start to finish of all financial affairs and strictly maintain financial and economic discipline. We must resolutely work to turn deficits into surpluses. Plants under the jurisdiction of the ministry must do their utmost to fulfill the norms for the reduction of deficits. Plants under the jurisdiction of the various provincial, municipal and regional bureaus must strive to eliminate all deficits within this year. Within this year, we shall also organize a one-time general inspection of all equipment, effectively strengthen the management of our equipment and materials, stop up loopholes, speed up the turnover of funds and raise the efficient utilization of funds and equipment. The increases in the prospecting fees, decided upon by the state this year, shall be used for increased work. Certain key projects, which for some time could not be successfully accomplished due to insufficient means or labor, should now be provided with a sufficient work force by concentrating and tapping all human, financial and material potential as long as there is favorable geological evidence, and their evaluation process should be speeded up.

3. Vigorously Push Intellectual Development and Promote Scientific and Technological Progress.

Geological education as well as science and technology constitute a focal point of strategic significance in geological work itself; it is imperative that we give these matters our closest attention and that we work with all our energy to do a good job in these sectors.

(1) Actively promote scientific and technological progress.

The strategic policy expressed by the party's Central Committee in its statement, "All economic construction necessarily depends on science and technology, and all science and technology must orient toward economic construction," is not only the leading ideology in the development of our geological science and technology but also the fundamental policy of the entire range of our geological work. All units must put the Central Committee's policy into effect.

The geological search for mineral deposits necessarily depends on science and technology and turns toward science and technology to achieve successes and beneficial results. Our scientific research units and our scientific and technological personnel must be imbued with the idea of long-term service to economic construction and to the geological search for mineral deposits. They must make a coordinated process out of the various aspects: the study

of science, the scientific and technological conquest of difficulties, the development of technologies and the spread and widest application of scientific and technological achievements. Our scientific and technological personnel must deeply involve itself in the first line of our geological search for mineral deposits, must engage in creative research and must solve crucial technical problems in our economic construction and in our geological work in a down-to-earth manner. This year, they will have to give earnest attention to the 17 projects which the state and the ministry listed as key problems to be attacked, among them the gasification of coal, the oil and gas in carbonatite marine facies in the south and the calcium-rich brine in eastern Sichuan; they are expected to present certain research results within a year. Research into the usefulness of mineral raw materials and their comprehensive utilization will experience a great development. We must further implement the spirit of the ministerial conference on the promotion of new technologies and effectively set about the task of transferring scientific and technological achievements. Out of the 18 items of new technologies which the ministry has listed as key items for promotion and application, two-thirds will show very good results. We shall enthusiastically meet the challenge of the "new technological revolution" and start out from the realities of geological work in our research into appropriate measures to deal with the situation; we shall use, to the largest possible extent, the most advanced achievements of the science and technology of our day. At present, the focal points for our attention are the promotion of the use of electronic computers, particularly of the widely useful microcomputers, efforts to improve physical and chemical prospecting and testing instruments, further modernization of our exploratory drilling engineering technology and the gradual establishment and perfection of our system of geological intelligence.

The division of labor and cooperation among geological work forces, scientific research units, universities and colleges must be further improved. The long-standing flaw of disjointed activities between geological investigations and research and between field work and indoor work must be resolutely mended. On the foundation of a rational division of labor, the three branches of our work force must be effectively organized into one entity of strength. We must explore a variety of forms and methods to tackle our difficult problems in a trilateral alliance of managers, experts and workers. In addition to strengthening the leadership in projects that are already well organized, we must further improve and develop the unity of the two kinds of production engineering, prospecting for materials and prospecting for minerals, on the one hand, and scientific research, on the other hand. We must strengthen the international interchange of science and technology and economic and technical cooperation by contracting with foreign firms for engineering projects, we must effectively import technologies and well-qualified experts and do a good job of utilizing imported equipment and we must make effective use of international exhibitions of geological machinery and instruments to promote the development of our geological undertakings.

We must rapidly achieve the struggle goal for the Sixth 5-year Plan of renovating our technological equipment that was put forward at the conference of bureau chiefs last year. This year and next, we shall emphasize

the completion of routine equipment for our geological work force. We shall acquire 100 sets each of atomic absorption spectrometer-photometers and of 1-meter grating spectrographs for the laboratory of our geological work force and complete sets of equipment for the testing of water quality and for geo-technical testing by our hydrogeological work force. The replacement of core drilling equipment shall reach 25 percent of all machines in operation, and we shall raise the proportion of 100-meter and 300-meter drilling machines. The diamond drilling machines in operation shall reach about 55 percent of all core drilling machines in operation, electrically driven exploratory drilling shall reach 40 percent and the comprehensive mechanization of mine galleries shall reach 50 percent. We must institute the scientific management of all funds for equipment renewal and renovation and place an emphasis on items that require little outlay and will soon show results. We must, furthermore, strictly control the use to which the funds are put, so that they are not diverted for other purposes. We must also administer well and use wisely the production development funds and speed up replacement and renovation of equipment. In the last few years, the Jilin bureau has carried out, step by step in a planned manner, the replacement and renovation of its drilling, mineral-prospecting, survey and mapping as well as laboratory testing equipment, thereby improving the technical equipment for its field work and raising the quality and results of its work in a remarkable way; their experiences are worth being widely publicized.

(2) Strengthen the training of professionals and improve the educational and technical qualities of staff and workers.

Insufficient technological strength, high age and low quality of our work force are presently some of the prominent problems in our geological contingent. Only by effectively speeding up the training of professionals and giving additional training to our staff and workers will it be possible to meet the needs of the new situation and of our new duties.

The foundation for the training of professionals is education. All geological universities and colleges must exploit any potential, increase student enrollment, raise the quality of education and train an even larger reserve of qualified professionals. They should also make greater contributions toward the solution of our difficulties in the field of technology, toward technological development and toward the training of our staff and workers. We must revise and reform the structure, levels and specialized subjects of geological education. We must effectively establish something like economic management as a specialized field, expand the training of post-graduate students to increase their abilities, strengthen the specialized technical training schools, energetically develop the senior secondary training schools and gradually change the inverted situation in the ratio between universities and senior secondary training schools. We must further sum up and perfect the method of directional recruitment of students. We must bring about a change in educational ideology, emphasize education for intellectual ability, reform the content and the methods of instruction and effectively attend to the provision of study guides and teaching materials. The geological institutes and colleges must apply the five "fixes" (fix tasks,

scope, instructional system, specialized fields and teacher establishment) and must strengthen educational and scientific research and the various branches of administration. We must do a good job of training qualified teachers, especially of training middle-aged and young persons who are academically at the top. We must organize the old, middle-aged and young into a triple-alliance instruction and research echelon and continuously raise academic standards. Experienced teachers must be moved into the first line, and we must pay particular attention to the teaching of basic courses in the lower classes. We must appropriately increase our investment in the capital construction of education and must effectively attend to the planning and construction of laboratories and field training bases and also to the replenishment and renewal of instruments and equipment. We must continue the good operation of all our technical schools.

We must conscientiously and effectively train all our staff and workers. It is this year's plan to train 42,000 staff and workers of all types. The rate at which young staff and workers in the prime of life achieve the required standards in general educational and technical makeup lessons will reach 50 and 80 percent, respectively; we must absolutely ensure quality and quantity, and studies must be completed on schedule. Each year, every unit should release 10 percent of its staff and workers from work to attend studies; training tasks and expenses must all be included in the plan and submitted for evaluation. A focal point for special attention must be the training of the leading group and the refresher courses for technical personnel. We must properly arrange for the plant director and deputy director to train for participation for the first time in the state examinations, and we must make proper preparations for the training of the brigade leaders and their deputies. We must continue to attend effectively to the establishment of training centers at the ministry and the bureaus. The geological cadre schools and the Wuhan training center must ensure acceptance of students for the new school year according to this year's plan. We must change the conditions for running the schools, strengthen such basic elements of education as the contingent of qualified teachers, teaching materials, etc. and first advocate a variety of forms in which the schools will be run. At the same time we must effectively attend to regular professional studies and encourage self-studies for one's own professional improvement.

(3) Bring the role of the presently serving scientific and technical staff into full play.

Comrade Deng Xiaoping recently emphasized that our policy toward the intellectuals is to be implemented one step further and that the role of the presently serving scientific and technical staff is to be brought into full play. The earnest and effective fulfillment of this task is one of the major questions of maintaining political unison with the party's Central Committee, as it is also an important indicator in measuring the performance of the leadership of a unit. In recent years, our ministry has achieved certain successes in implementing this policy toward the intellectuals, but certain problems still remain. In the first half of this year, each unit should at one time earnestly examine the way it is implementing the policy toward the intellectuals, should overcome all "leftist" influences, improve work

performance and seek down-to-earth solutions to its problems. The entire geological department should go one step further in creating an environment and atmosphere of respect for the intellectuals and respect for professional aptitude. The present examination should mainly focus on the middle-aged and young key scientific and technical staff, examine the situation and also solve problems while doing so. We must make appropriate arrangements for the key scientific and technical staff over 50 years of age. Some can continue in technical leadership positions and some can be employed mainly in research and instruction, having them fully play the role of mainstay and bridges in our operations. To strengthen the comprehensive training of our young technical cadres, universities and senior secondary training schools should at the time of graduation have their students give prior consideration to improving the ideological and political work directed at the intellectuals and should encourage them to go the road of being "both red and expert."

4. Do a Good Job of Protecting Mineral Resources and Strengthen the Management of Our Mineral Reserves.

Strengthening the protection of our mineral resources is a major responsibility entrusted by the state to the Ministry of Geology and Mineral Resources. The geological bureaus of all provinces, municipalities and autonomous regions must respond to the needs of this new task, must actively create favorable conditions and, under the guidance of the local government and with the support of the local industrial departments, must on their own initiative embark on the necessary work. This year we must continue to attend to the overall investigation of the conditions of development and the utilization of the mineral resources in our mines, a task that we should strive to complete in the first half of the year. After conscientiously analyzing and studying the problems that exist in one's locality in the development and utilization of mineral resources, methods and measures to resolve the problems should be put forward to lay a foundation for a comprehensive endeavor of protecting our mineral resources. We must attend to the formulation of laws and regulations governing the management of our mineral resources. In recent years, 14 provincial and regional bureaus have issued procedures and regulations governing the management of their local mineral resources, and all other bureaus should on their own initiative assist the local governments in the formulation of such control regulations of a regional nature in order to promote efforts to protect our mineral resources. We must perfect the structure of all levels of management in charge of mineral resources and progressively increase personnel, paying particular attention to providing the necessary technical personnel for mining and ore dressing operations.

The Mineral Reserves Commission must work effectively. To help raise the quality of geological prospecting and strengthen the management of mineral reserves, the State Council last October passed a resolution to reinstate the National Commission for Mineral Reserves and to have its administrative offices set up at the Ministry of Geology and Mineral Resources. The geology and mining bureaus in all provinces, municipalities and autonomous regions, acting under the guidance of the provincial, municipal and autonomous region governments, must actively assist in reestablishing the provincial mineral

reserves commissions in perfect working condition, give the offices of the commission personnel, material and financial support and also extend full cooperation to our fraternal departments so that they can start work as early as possible. This year, we shall particularly attend to the organizational structure and to the examination and approval of reports on the geological prospecting in key projects. We must continue to organize our work of drawing up norms for the geological prospecting for mineral deposits and for repeat investigations of mines and to organize the revision, examination and approval of industrial norms.

5. Show Solicitude for the Livelihood of Staff and Workers and Consolidate Our Geological Work Force.

Solicitude for the livelihood and working conditions of staff and workers, especially efforts to improve the livelihood of geological staff and workers in the first line of our search for mineral deposits, has a direct bearing on the mobilization of the zeal of staff and workers and on the consolidation of our geological work force. The leadership at all levels must give this work an important place on their agendas, give it serious study and devote much practical work to this concern.

On the question of establishing bases for our geological work force, the ministry convened a special conference last year. We must proceed in the spirit of that conference and establish as quickly as possible, in a planned manner and with attention to certain important points, the bases that are favorable for setting up work in minerogenetic regions, that have traffic facilities, that are well situated and that are supported by a combination of the three factors, of work, study and the livelihood of cities and towns. We must also solve the problem of housing, for work and for living, of our staff and workers in the first line of field work so that our work force, returning from field work, will have places indoors to work on their data and also places to study, improve themselves and rest up.

Conditions in the first line of this work are fairly rugged; equipment for life on field work jobs is no less important than equipment for the bases. In recent years, our organization has tried out 33 items of equipment for field work such as special geological survey vehicles, bunk buses, air-conditioned vehicles, heated food containers, light and convenient geological footwear, geological knapsacks, quilted-down-clothing and lightweight tents as well as folding beds, tables and chairs. These items have been introduced for use in some of our provincial bureaus and have been warmly welcomed by our staff and workers. However, generally speaking, the progress in this type of work of equipping the field work teams has still been very slow. From now on, a solution must be sought, in a planned manner with attention to certain focal points, by following the equipment standards for field work issued by the ministry, and to direct improvements first in the equipment needed by geological squads of great mobility and working under hardship conditions on such jobs as regional investigations, general surveys, physical or chemical explorations and hydrogeological work in areas that are remote, at high altitudes and with low temperatures and in marshes, deep mountains, woods and deserts. We must make adequate provisions in the eating halls

for staff and workers and definitely make sure that the staff and workers of our regional investigation and general survey teams and at the rigs are supplied with warm food.

We must be firmly determined to solve the problem of the children of our geological staff and workers finding it difficult to attend school and to go on to higher grades. We must actively create conditions that will allow these children to study at local schools and we must make efforts to have good elementary and junior middle schools for these children, while all bureaus should, according to actual needs, also operate one or two middle schools as boarding schools.

Open wide all avenues for work and start up secondary undertakings. This will be of significance not only to the alleviation of the surplus personnel situation, but also to the search for appropriate places for young people who are awaiting employment in the work force and for the general consolidation of our geological contingent. In recent years, we have achieved great successes in finding places for youth awaiting employment. Of these young persons, our entire system employed 30,000 up to the end of last year, which is approximately two-thirds of their total number. In certain well-run bureaus and brigades, jobs could be found for all the youths awaiting employment, thereby having the "leadership pleased, heads of households relieved and children happy." However, there are also a number of units where this work is not vigorously pursued and little is being accomplished. In the future the opening of all avenues for work must be permanently and soundly maintained and our orientation must be toward society and toward service to outsiders. We must involve ourselves in service-type enterprises, in rural sideline production and in construction and maintenance, but we must also attend to well drilling, the opening of small mines, printing and services of a technological nature.

We must pay attention to safety in production. The total number of staff and workers injured or killed declined last year, but the cases of really bad accidents with larger numbers of killed has increased. We must vigorously push for the adoption of firm measures to control the safety of motor vehicle traffic, strengthen protection against dust and poisonous substances, energetically work for the standardization and regularization of the management of safety in production, effectively ensure the safety of our staff and workers on their jobs and ensure their physical health.

6. Strengthen Ideological-political Work.

The ideological-political state of our geological work force is, generally speaking, a healthy one. However, we must also realize that the party committees in certain units have not yet placed ideological-political work as an important item on their agendas and that it is still a fairly widespread phenomenon that staff and workers do not work contentedly in geological jobs and particularly dislike field-work jobs. Spiritual pollution has had serious effects on a part of our staff and workers. A small number of our staff and workers lack confidence in the leadership of the party, in the

socialist undertaking and in the great goal of communism. There are fairly conspicuous indications of extreme individualism, fame and wealth seeking and money-mindedness. Under the corrupting influence of decadent bourgeois ideologies, some of our staff and workers have gone the way of vice and crime. On a rig of the Jilin Bureau, which has undergone readjustment, due to lax ideological-political work, five young workers have indeed engaged in criminal hooliganism; they were arrested and dealt with according to law. Cases like this demonstrate that strengthening ideological-political work, especially among young staff and workers and among young students, and raising the ideological consciousness of the broad masses of staff and workers are extremely important and extremely pressing tasks that we are faced with.

In their ideological work, the party committees and political organs at all levels must rectify rightist tendencies and must work forefully and with the conviction of presenting the right stand, so as to change thoroughly the laxness in ideological-political work. Each unit must closely integrate ideological-political work with the special characteristics of geological work and the concrete conditions of their own units. The ministry's "Views on Putting the Program for Ideological-political Work among Staff and Workers into Effect" must be implemented. Education and day-to-day ideological-political work on the ideological system of communism must be conducted earnestly and effectively. We must launch a penetrating and protracted education on the "three points of honor," furthermore integrate the three organically, absorb them and, having mastered them, apply them in production, in life and in all spare-time activities. The party, government and workers' organizations must in unison take this work firmly in hand and overcome the split into "two kinds of people," or those who attend to work and business but disregard ideological-political work and those who attend to political work and pay no attention to production and business. In any type of work, ideological work must be conceded first place, because it will guide and lead on our staff and workers, encourage them spiritually, have them endure arduous struggle, move on to the first line with enthusiasm, perform more work and make more contributions. We must most emphatically commend advanced units or individuals and encourage the backward ones to catch up with the advanced. This year, the ministry will call the second meeting to announce commendations and issue awards, for which concrete arrangements will be made separately. At present, while we engage in strengthening ideological-political work, we must also consider the special circumstance that our geological work force is distributed among a large number of villages. We should therefore, launch, together with the local commune members, activities for the formation of "cultured villages," thereby creating a closer relationship between peasants and workers. In the basic units it is necessary to give attention to the spare-time activities of staff and workers, to launch varied and colorful cultural activities to impart the spiritual civilization connected with the building of socialism and to get to know much better all our young people as they struggle against the bourgeoisie. We must employ socialist civilization to capture the positions of the spare-time activities of the masses of our staff and workers.

The geological departments have over 10,000 political workers. Building them up into an effective contingent is of great significance for our present

efforts to improve ideological-political work, that weak link in our work. Each one of our political workers must set an example in working for the establishment of the two civilizations. The party committees at all levels must firmly take this work in hand.

III.

Our present conference, held at this time when we have started the all-out party consolidation, is an important conference. The work of party consolidation has already started in the organs of the ministry. Party consolidation at the two levels of the geological system, the bureaus and brigades, is also about to be carried out under the unified disposition of the party committees in the provinces, municipalities and autonomous regions, step by step and by separate groups. The analysis of the situation in our party as presented in the resolution of the Central Committee is absolutely consistent with our actual condition. During the decade of turmoil, our geological system became a "major disaster household" and suffered grave losses. The "three types of undesirable party members" have not yet been entirely liquidated. In the new situation of opening up our country to the outside world and of enlivening our domestic economy, the corrosive influence of decadent bourgeois ideology among our working force has increased, and at all levels of our party organization we have the serious problem of an impurity of ideology, workstyle and organization. Party consolidation in the geological system is not only extremely necessary and urgently needed but will also be an arduous and formidable task. The party organizations at all levels and the broad masses of our party members must actively participate in party consolidation. After a fruitful study of the documents on party consolidation, let party consolidation be our motive force, to give impetus to every type of work during 1984 and be the guarantee that neither party consolidation nor work will suffer neglect.

We shall implement a policy of simultaneous consolidation and reform and shall thoroughly resolve all existing problems. We shall focus at present on rectifying the bureaucratic workstyle of misusing the powers of office for selfish gain and of ignoring one's responsibility toward the party and the people. All units must engage in thorough investigations and studies, must on a broad scale listen to the opinions of the masses, on this foundation must firmly and correctly establish the major problems that are to be solved and must first of all give attention to a number of affairs that cause the masses the most anxiety, where criticism is strongest and that have the widest educational significance. These problems must be earnestly investigated and effective measures instituted; they must completely convince the masses, have them gain hope, raise their confidence and give further impetus to the work of party consolidation.

We must do more effective work in the "four modernizations" as they relate to the leading teams. After readjusting the leading teams in the bureaus and brigades, the degree of the "four modernizations" among cadres was markedly heightened, and the masses reacted most favorably. However, there

were also some comrades who remained satisfied with the existing state of things, who showed little enterprising spirit and who lacked any spirit for exploration and new advances. In the course of the present party consolidation, the leading cadres at all levels must take the lead in self-appraisal and in launching criticism and self-criticism. They must energetically enhance their level of Marxism and Mao Zedong Thought. They must work to achieve a high degree of ideological and political conformity with the party's Central Committee and display the revolutionary spirit of wholeheartedly serving the people, of undertaking arduous struggle and of conscientiously working to mend all weaknesses. We must also combine cadre inspections and create a good third echelon. In the course of party consolidation, we must also strengthen the work of party discipline inspection.

This is the first year after readjustments in the leading teams of the bureaus and brigades. The new leading teams will certainly establish high standards, make strict demands and diligently supervise and encourage. Each member of the leadership must consider it his own personal task to help create a new overall situation and must show a dashing zeal for reform and progress. He must actively and creatively implement the political line, principles and policies of the party and must be capable of seizing on the major affairs and mastering strategy and of improving his leadership abilities in the course of actual practice. He must be strict in questions of discipline, give consideration to the overall situation, correctly launch ideological struggle and effectively handle the question of solidarity in the leading team. He must have the daring to deal firmly and to control and must have the courage to fight resolutely against all unhealthy tendencies and evil practices. We must establish a strict system of inspections. To bring the role of the old cadres into full play, every bureau and brigade must selectively transfer them into the second line. Healthy cadres who can assume responsibilities shall form a work supervisory office, focusing on the inspection of performances in field work, and they should regularly report to the bureaus and make conditions known in direct reports to the ministry; thus work will be handled strictly, realistically and effectively.

We believe that in the new year the new leading teams at all levels will certainly be starting up work with a new spirit, creatively and with things having assumed a new appearance, so that they will as quickly as possible create a new overall work situation and make greater contributions to the grand program and strategic goal put forward at the 12th CPC National Congress.

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INDUSTRY

DEFICIT REDUCTION TARGETS MET IN SHANDONG

Jinan DAZHONG RIBAO in Chinese 12 Jan 84 p 1

[Article by Lu Jingyi [7627 4842 6060] Su Qingbo [5685 1987 2672] and Wang Fuzhu [3769 4395 2691]]

[Text] According to statistics in a 1983 financial bulletin, of the industrial enterprises in Shandong's state operated budget, 217 had deficits which was a reduction of 270 as compared to 1982; so that the make-up rate was 55.44 percent. The total of losses at money-losing enterprises was 150 million yuan or a deficit reduction of more than 100 million yuan as compared to 1982; so that the make-up rate was above 40 percent. Thus, the directed targets of the Ministry of Finance and the State Economic Commission allotted to Shandong Province for making up deficits by 40 percent and reducing deficits by 100 million yuan were victoriously fulfilled. This was a great breakthrough in work to make up deficits for Shandong's industrial system.

In 1983, achievements in making up deficits were quite outstanding in the seven cities of Taian, Qingdao, Hefeng, Yantai, Zaozhuang, Jinan and Jining and in the machinery, chemical industry, medicine, military industry, electronics and metallurgical departments of provincial level enterprises. They all overfulfilled the directed targets for making up deficits allotted by the province. Their common experiences were: pay close attention to leadership, make as an important daily agenda item work for making up deficits; grasp as the breakthrough point the practical elevation of economic benefits; carry out the leadership work distribution responsibility system; liberate thought; handle correctly objective and subjective relationships; discard the theory that "it is reasonable to have deficits;" let one's eyes look inward; exploit fully enterprise potentialities; arrange plans early; put policies into effect early; and promptly activate the enterprises on the basis of applicable policies concerning targets and determinations transmitted at the beginning of the year by the province.

At present, the development of work for making up deficits in Shandong's industry is still unbalanced. First, some areas and departments have not grasped this work sufficiently well, and there is a rather large gap between the actual deficit figures and the directed targets transmitted by the province.

Second, concerning overseeing of enterprises which have been long-time money-losers and concerning rather large deficits at some sugar refineries, chemical fiber plants, cigarette factories and printing and dyeing mills which had been affected by price and market changes, the situation was not grasped in a timely and effective manner which has resulted in the emergence of some new deficit accounts. Three, insufficient attention has been paid to the money-losing products hidden by profit making enterprises, and results in terms of making up these deficits have still not been obtained.

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CSO: 4006/295

INDUSTRY

REDUCTION OF MONEY-LOSING ENTERPRISES IN HEILONGJIANG

Harbin HEILONGJIANG RIBAO in Chinese 12 Jan 84 p 1

[Text] According to statistics of 11 January from the Provincial Industrial Enterprises Make-Up-Deficits-Increase-Surpluses Office, among the 128 industrial enterprises with deficits of 500,000 yuan or more in the provincial budget, there were marked results in making up deficits in 1983. After balancing surpluses and deficits, the net deficit was 96,310,000 yuan which was a reduction of 107,290,000 yuan as compared to 1982 or a 52.7 percent deficit reduction.

Of these 128 money-losing enterprises, those which went from deficit to surplus numbered 25, those which reduced deficits numbered 81, and those which increased deficits number 19; two were closed, and one was merged.

Of those which went from deficit to surplus with the surplus exceeding 500,000 yuan, were the Harbin Electrocarbon Plant, the Harbin Insulating Materials Plant, the Nancha Forestry Bureau, the Tongbei Forestry Bureau, the Zhanhe Forestry Bureau, the Wuminhe Forestry Bureau, the Mudanjiang Forestry and Commercial Bureau, the Provincial Radio Plant No 1, the Harbin Chemical Industry Plant No 2, and the Mudanjiang Warp Knitting Plant.

In 1983, of those that not only did not reduce deficits but in fact had deficit increases of more than 500,000 yuan were the Xinglong Machinery Plant, the Linkou Forestry Bureau, the Harbin Sewing Machine Plant, the Harbin Aluminum Products Plant, the Qiqihar Agricultural Machinery Plant and the Shuangcheng Sugar Plant.

The Staff Office statistics also showed that in 1983 there were 13 new, large deficit accounts of 500,000 yuan or more throughout the province. They were: in Harbin--the Printing and Dyeing Mill, the Bicycle Plant, Radio Plant No 3, the Glass Plant, the Silk Spinning Plant and the Chemical Fiber Plant; in the Suihua area--the Hailun Electric Generating Plant and the Anda Textile Plant; in Mudanjiang--the Hailin Tobacco Factory; in Qiqihar--the Clock and Watch Plant; in the Songhua Jiang area--the Bayan Sugar Refinery; in the Nenjiang area--the Taikang Wool Knitting Plant; and subordinate to the Provincial Forestry General Bureau--the Suihua Forestry Machinery Plant. These 13 accounts had a total deficit of 21,690,000 yuan.

At the end of 1983, there were still 83 large deficit accounts of more than 500,000 yuan each throughout Heilongjiang.

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CSO: 4006/295

INDUSTRY

HEILONGJIANG'S MACHINERY INDUSTRY OVERFULFILLS TASKS

Harbin HEILONGJIANG RIBAO in Chinese 1 Jan 84 p 1

[Article by Lan Jun [5695 0689] and Ji Zhuang [4764 1104]]

[Text] With reference to urgently needed machinery and electrical products for state key point construction items which were accorded priority production by the machinery industry system throughout Heilongjiang, by the end of November 1983, 307,962 jobs (sets and components) had been completed thereby overfulfilling the 1983 annual plan one month ahead of time.

In 1983, the Heilongjiang machinery industry system undertook the production task of fulfilling more than 300,000 jobs (sets and components) consisting of 55 kinds of products such as large scale machine tools, oxygen-generating equipment, stacking machinery, pneumatic machinery and water pumps, needed by 39 state key point construction projects, such as the Baoshan Steel Mill and the Baishan Hydroelectric Stations and the Shanghai Chemical Industry General Plant. The system accomplished this work according to the special characteristics of scale complexity, product variety and delivery need, and, looking at the big picture, established priorities for arranging production, supplying raw materials, making deliveries and deciding on the jobs, sets and components. At more than 50 enterprises, such as the Qiqihar Crane Plant and the Jiamusi Universal Machine Plant, responsibility systems, management by experts and key point arrangements were instituted at every level, and the delivery contracts were completed according to schedule. The Harbin Electric Cable Plant produced electric power cable of 58 specifications totalling 218 kilometers in length for the Daqing 300,000 metric ton ethylene project, the Jingbao telephone project and the Fulaerqi electrical plant project, and delivered the goods one quarter ahead of schedule.

The machinery industry system also organized the enterprises and assisted construction units in resolving such problems as product design, materials supply and packing and transport. Some enterprises frequently organized technical service units and went to the construction sites to assist in training the technicians which was highly evaluated by the working units.

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CSO: 4006/295

INDUSTRY

GOOD INDUSTRIAL AND COMMUNICATIONS SITUATION IN HEBEI

Shijiazhuang HEBEI RIBAO in Chinese 16 Jan 84 p 1

[Article by Wang Qing [3769 0241] and Yue Guang [1471 0342]]

[Text] The situation on the industrial and communications front in Hebei in 1983 was gratifying as the production plan was overfulfilled, and overall increases in production and economic benefits were achieved. According to preliminary statistics, the gross value of industrial production for the year was 25.2 billion yuan or an increase of 9.7 percent as compared to 1982 with profits increasing 15.1 percent over 1982.

The important special characteristics of industrial production in Hebei in 1983 were that production was balanced throughout the year, increases were steady and there were overall increases in light industry, heavy industry, production and benefits. This did away with the situation of the last few years during which production fluctuated and the increase in economic benefits was slow. From the beginning of the national economic adjustment until 1982, the average annual increase in Hebei's industrial production was 2.8 percent, but the increase in 1983 was 9.7 percent. In 18 areas and municipalities through the province, there were increases in 17 as compared to 1982. In industry owned by the whole people and in industry of other economic types, production value increased more than 10 percent over 1982. Collectively owned industry also increased eight percent. As to the output of 100 important products which can be compared to that of 1982, there were 66 products in the following categories that increased: those supplied for agricultural use including small tractors, water pumps, automatic threshers, chemical fertilizer and agricultural chemicals; those supplied for the people's livelihood including bicycles, watches, washing machines, silk fabrics, nylon fiber, beer, synthetic detergents, soap, lightbulbs, matches and thermos jugs; and those supplied for production and construction including raw coal, generated electricity, pig iron, steel, steel materials, sulphuric acid, cement, glass plates and alternating current generators.

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CSO: 4006/295

INDUSTRY

NINGXIA INDUSTRIAL PRODUCTION, TAXES INCREASE JAN, FEB 1984

Yinchuan NINGXIA RIBAO in Chinese 11 Mar 84 p 1

[Article: "Industrial Production in Our Region Maintains Steady Growth; January and February Monthly Gross Value of Output and Taxes Increase Considerably"]

[Text] This reporter learned from the autonomous region's Statistical Bureau that our region's industrial output continued to grow steadily in January and February of this year and that the gross value of output increased 14.9 percent over the corresponding 1983 period; taxes turned over to the state were up by 83.9 percent.

A characteristic of industrial production in January and February of this year was that heavy industry increased at a faster rate than light industry. The gross value of output increases for light and heavy industry were 6.9 percent and 18.9 percent, respectively. Output value increases were also great for industries owned by all the people and by collectives, for enterprises directly under central and autonomous region control and for prefectural, city and county enterprises. The building materials bureau had the greatest rate of increase, over 100 percent from the corresponding 1983 period. Next was the light and textile office, with an increase of 44.5 percent. Enterprises under the prefects, cities and counties of Lingwu, Qingtongxia, Zhongning, Helan and Zhongwei all increased gross values of output more than 30 percent. Sixteen of 25 key products evaluated increased output over the corresponding 1983 period. Of these, metallic materials testing machines, washing machines, woolen goods and matches increased over 100 percent.

Rail transport targets were also fulfilled quite well. In January and February, 140,000 additional tons were carried than in the corresponding 1983 period, an increase of 6.3 percent. Of this, coal transports increased 9.1 percent.

Two questions currently facing industrial production that should be brought to attention were pointed out by employees of the departments concerned. First, the output of certain key products (e.g., finished steel products, machine tools, bearings, cotton, sugar, grain alcohol, cigarettes, etc) fell

below the corresponding 1983 period. For some, the decrease was considerable. Second, a small number of enterprises that had made up deficits in 1983 are incurring losses once again. It is hoped that departments concerned will strengthen their leadership and strive to turn the situation around in a short period of time.

12615

CS0: 4006/418

INDUSTRY

BRIEFS

SHANDONG'S FEBRUARY PRODUCTION--In February, industrial production and transport in our province achieved good results. Gross provincial industrial output value increased 20.5 percent over February, 1983; this was the best in production history. In January and February, the rate of increase in production was 11.2 percent and of the whole province, 14 prefectures and cities increased compared to the corresponding 1983 period. In February, economic results were noticeably improved for industrial and transport enterprises in the province as a whole. State-run industrial enterprises under the overall provincial budget realized increased profits of 24.2 percent over the corresponding 1983 period. The profits tax increased 14.9 percent and the profits turned over to the state increased 16.4 percent, all exceeding the gross output value's rate of increase. [Text] [Jinan DAZHONG RIBAO in Chinese 11 Mar 84 p 1] 12615

CSO: 4006/418

FOREIGN TRADE AND INVESTMENT

REPORTAGE ON CHINA-AUSTRALIA EXECUTIVE FORUM

Forum Opens 11 June

OW111515 Beijing XINHUA in English 1440 GMT 11 Jun 84

[Text] Beijing, 11 Jun (XINHUA)--The China-Australia senior executive forum opened here today for exchange of experience in enterprise management and discussion on promoting economic and technical cooperation.

Attending the opening ceremony were Tian Jiyun, Chinese vice-premier of the State Council and advisor to the China Enterprise Management Association, and Lionel F. Bowen, Australian deputy prime minister and minister of state for trade. The forum, jointly sponsored by the China Enterprise Management Association and the Australia-China Business Cooperation Committee will run for three days with attendance of 80 leading businessmen and senior executive from economic circles in both countries.

Speaking at the opening ceremony, Tian Jiyun said growing progress in the relations between China and Australia has been registered in the past dozen years. To speed up the modernization drive, the Chinese Government has decided to further relax its policies in absorbing foreign funds, techniques and management experience. This will create favourable condition for the development of economic and technical cooperation between the two countries. "It is beyond any doubt that China will become an important partner and market for Australia in Asia," he added.

Ma Yi Addresses Forum

OW112036 Beijing XINHUA in English 1646 GMT 11 Jun 84

[Text] Beijing, 11 Jun (XINHUA)--China hopes to remain a sincere trading partner to foreign firms and not become their rival, Vice-Minister Ma Yi of the State Economic Commission said here today.

He told the China-Australia senior executive forum which opened here today that China needs funds, technology, equipment and help in training personnel for its economic development which is now proceeding on an unprecedented scale.

He said that both current economic development and the goal of quadrupling the 1980 industrial and agricultural output value by the end of this century require foreign economic and technical cooperation on a wider scale.

He explained that China is now working on her Seventh Five-Year Plan (1986-1990) during which the giant Yangtze River gorge hydroelectric project will be built. Several large nuclear power stations and many oil, coal, mining, railway, electronic and other projects will also be constructed or revamped.

China has rich natural resources and a vast market, Ma said. While mainly relying on its own efforts, China also needs support and cooperation from friendly countries.

China's imports and exports doubled over the past five years, Ma Yi said. More than 12 billion U.S. dollars of foreign investment have been used to build about 2,000 projects and enterprises. In 1983 alone, more than 1.96 billion U.S. dollars were used.

To expand cooperation with overseas interests, he added, China will further relax its policies and provide foreign enterprises and investors with preferential treatment.

CSO: 4020/135

FOREIGN TRADE AND INVESTMENT

STEEL PRODUCTION COOPERATION WITH AUSTRALIA PLANNED

OW270912 Beijing XINHUA in English 0638 GMT 27 May 84

[Text] Canberra, 26 May (XINHUA)—A Chinese metallurgical delegation left Perth, Australia, for home today at the end of a 17-day visit designed to pave the way for greater cooperation between the two countries in iron and steel industry.

During the visit, the Chinese delegation held consultations with the Australian Government on ways to step up cooperation between the two countries in steel-making in response to Australian Prime Minister Robert Hawke's proposal. The delegation also had contacts with noted figures in the steel-making circles. Minister of Metallurgical Ministry Li Dongye, who led the Chinese delegation, was received by Prime Minister Robert Hawke and Deputy-Prime Minister Lionel Bowen.

Prime Minister Hawke indicated recently that during his China visit in February, he had told Chinese Premier Zhao Ziyang that his country wanted to be a raw material supplier and cooperator in China's growing steel-making industry. He also proposed mutual investment in each other's iron and steel industry. His proposal met with positive response from the Chinese Government. A "joint study group" set up by the two countries has begun work since April and satisfactory progress has been made.

Minister Li announced during the visit that China has signed contracts with Australian companies for the purchase of four million tons of iron ores. When China's Baoshan steel plant goes into production in September next year, he said, Australia will be one of China's leading iron ore suppliers.

To further their cooperation in this respect, Australian Deputy-Prime Minister Bowen will travel to China early next month for further consultations.

During the visit, Minister Li indicated that China wanted to double its steel output by the end of the present century. Toward this end, he said, China needs foreign investment, capital and technology, but cooperation should be on the basis of equality and mutual benefit. He voiced optimism over the prospects of cooperation because Australia is a country with rich iron ore reserves and advanced technology.

FOREIGN TRADE AND INVESTMENT

WANG YAOTING FETES CHINA-UK TRADE GROUP

OW061640 Beijing XINHUA in English 1615 GMT 6 Jun 84

[Text] Beijing, 6 Jun (XINHUA)--Wang Yaoting, chairman of the China Council for the Promotion of International Trade, this evening gave a banquet to celebrate the 30th anniversary of the founding of the "48 group" of British traders with China.

Among the guests were leading members of the group, including Chairman S. G. Sloan, Vice-Chairman J. Perry and consultants R. Berger and P. A. Timberlake, as well as the members of a trade mission from the group, led by S. A. Dreyfuss, vice-chairman.

In his toast, Wang said 30 years ago a number of British friends surmounted all sorts of difficulties and formed the 48 group, thus opening up trade between Britain and China, and between China and the West.

He paid a high tribute to the group for its contribution to the promotion of trade between the two countries for 30 years.

In recent years, Wang said, the group had tried hard to explore the possibilities for economic cooperation with China by adopting various trading methods so as to meet the demands of China's modernization efforts, with fruitful results.

Chairman Sloan, in his toast, thanked his Chinese friends from economic and trade circles for their help given to the 48 group.

This afternoon, Wang met with leading members of the group and the trade mission.

Before its arrival in Beijing today, the trade mission, consisting of representatives of different business sectors, visited Shanghai, Nanjing, Qingdao and Shenyang, where it discussed economic and trade relations with local business officials.

CS0: 4020/135

FOREIGN TRADE AND INVESTMENT

PAKISTANI ECONOMIC DELEGATION VISITS COUNTRY

Meets Zheng Tuobin

OW181250 Beijing XINHUA in English 1110 GMT 18 May 84

[Text] Beijing, 18 May (XINHUA)--Zheng Tuobin, vice-minister of foreign economic relations and trade, held talks here this morning with an economic and trade delegation led by Ghulam Ishaq Khan, Pakistan minister for finance and economic affairs.

The delegation arrived here yesterday to attend the second session of the China-Pakistan Joint Committee on Economic, Trade, Scientific and Technical Cooperation.

During their talks, the two sides reviewed developments in bilateral trade, and science and technology since the first session held in April last year. They also discussed methods of further expanding existing cooperative relations.

Pakistan Ambassador to China Maqbool Ahmad Bhatti attended the talks.

Agreed Minutes Signed

OW211201 Beijing XINHUA in English 1125 GMT 21 May 84

[Text] Beijing, 21 May (XINHUA)--Agreed minutes of the second session of the China-Pakistan Joint Committee on Economic, Trade, Scientific and Technical Cooperation were signed here today.

Signing the minutes were Zheng Tuobin, Chinese vice-minister of foreign economic relations and trade, and Ghulam Ishaq Khan, Pakistan minister for finance, commerce and coordination.

The two sides reviewed with satisfaction the development of Sino-Pakistan cooperation, and discussed further possibilities for promoting bilateral trade and cooperation in the medium and small industries, energy exploitation and tea growing. Both sides agreed that the cooperative projects might be in the form of joint venture and compensation trade.

Ishaq Khan and his delegation left here for home this afternoon.

FOREIGN TRADE AND INVESTMENT

GUANGDONG CITY IMPORTS TO RETOOL INDUSTRY

OW241754 Beijing XINHUA in English 1604 GMT 24 May 84

[Text] Guangzhou, 24 May (XINHUA)--Foshan, a medium-sized city in Guangdong Province, has imported over 63,000 pieces of equipment and 36 production lines since 1979 to retool its industry.

The imports cost more than 140 million U.S. dollars, according to the city authorities.

A city of light industry and textiles, Foshan has several counties and Zhongshan city under its jurisdiction. While replacing and renovating its conventional textiles, garment, foods and porcelain enterprises with imported equipment, the city's also gearing up production of electronics, plastics and household electric appliances.

The city's electronics departments have already imported 19 production lines and over 1,200 pieces of equipment. With this, the authorities say, it can now produce items such as radio recorders, television sets and computers, where only single-wave radios could be made before.

The gross output value of Foshan's electronics industry exceeded 100 million yuan (about 50 million U.S. dollars) in 1983, four times that for 1979 and approaching the figure for Guangzhou, capital of Guangdong Province.

Most of the imported projects have gone into production sooner than scheduled and produced quick returns, thanks to improved management skills, local authorities say. A brewery in Shunde County, which has an annual capacity of 12 million liters, took only three years to complete and go into operation. The Dongfeng Woolen Mill in Zhongshan city, which processes supplied materials, went into production eight months after signing contracts with an overseas firm.

CSO: 4020/138

BRIEFS

ITALIAN-CHINESE DEVELOPMENT PROJECTS--Rome, 30 May (ANSA)--China and an Italian public sector company have signed a letter of intent for the construction of a pipe factory in China worth about 250 million dollars, it was announced here. The company, Innse, a subsidiary of the IRI group, will be supplying an advanced plant designed to produce 500,000 tons of seamless pipes a year at the town of Tianjin. According to an IRI communique, the city's mayor, Li Ruihuan, who is currently visiting Italy, also visited the Ansaldo-GIE works for talks on doubling up the thermoelectric power-station at Da-Kang. This project involves supplying two 329-megawatt generators worth about 200 million dollars. Yesterday's signing ceremony was attended by Mayor Li, IRI executives, and the Chinese ambassador in Rome, Ling Zhong. The Chinese signatory was the Tianjin Metallurgical Bureau. [Text] [AU301537 Rome ANSA in English 1529 GMT 30 May 84]

PRC-GUYANA JOINT VENTURE--Georgetown, 14 May (XINHUA)--A memorandum of intent on the establishment of a joint venture in fisheries between two companies of China and Guyana was signed here this afternoon. Signing the memorandum on behalf of their respective sides were Li Yongkai, deputy general manager of China International Engineering Corporation for Agriculture, Livestock and Fisheries, and Robert Edward Williams, executive chairman of Guyana Fisheries Limited. According to the memorandum, the two sides will enter into joint venture for the purpose of marine fishing and shrimping in Guyana's waters, processing of aquatic products for export and local markets and fabrication of spares. The capital investment of the joint venture will be shared by Guyana side 51 per cent and Chinese side 49 per cent, the memorandum said. Guyanese side will provide fishing, shrimping trawlers and facilities on land and other necessities while Chinese side will provide fishing, shrimping trawlers and material for net making and fabrication of spares, as their respective capital investments. The two sides have agreed to consult and sign a contract of joint venture as soon as possible after the memorandum is approved by both governments respectively. [Text] [OW151157 Beijing XINHUA in English 1120 GMT 15 May 84]

SINO-NEW ZEALAND JOINT VENTURE--Beijing, 2 Jun (XINHUA)--An agreement for setting up a joint venture for making dairy machinery was signed here today between China and New Zealand. During the 11-year term of the contract, the Huaxin (Otenz) dairy machinery company will produce dairy machinery as well as related equipment and components for the domestic and international markets. The joint venture will be set up in Nanjing, capital of Jiangsu Province, by the Nanjing light industrial machinery factory of China and Otenz Export Company of New Zealand. Under the contract, the New Zealand Company will endeavor to export

500 units of dairy machinery in the first year of cooperation, 1,000 units in the second year and from the third year 2,000 units. Present at today's signing ceremony were Yang Bo, Chinese minister of light industry, and F. A. Small, New Zealand ambassador to China. [Text] [OW022030 Beijing XINHUA in English 1838 GMT 2 Jun 84 OW]

SINO-BELGIAN DRUG PROJECT--Xi'an, 24 May (XINHUA)--A joint Sino-Belgian worming medicine workshop--China's first imported synthetic medicine project--began regular operation today in Shaanxi Province. The project, at the Hanjiang pharmaceutical factory in Shaanxi, is designed to turn out 60 tons of mebendazole polymorph c annually with techniques from the Belgian firm Janssen Pharmaceutica under a compensation trade agreement. Mebendazole polymorph c, a broad-spectrum drug to kill and expel intestinal worms developed by Janssen research, is on the World Health Organization's essential drug list. The workshop, listed as a major project in the province, was begun in June 1982 and completed this April. Paul Janssen, president of Janssen Pharmaceutica, and Sun Kehua, vice-governor of Shaanxi Province, cut the ribbon at today's ceremony. [Text] [OW241651 Beijing XINHUA in English 1609 GMT 24 May 84]

GUANGZHOU REFRIGERATOR LINE--Guangzhou, 1 Jun (XINHUA)--A refrigerator production line imported from Japan went into trial operation Wednesday at the Guangzhou Freezer Plant. The line, which will produce 50,000 100-litre double-door refrigerators a year, was imported from the Hitachi Corporation. When it and another production line imported from Singapore last year both go into full operation, the plant will be able to turn out 150,000 refrigerators a year, making it the largest of its kind in China. The Guangzhou plant plans to produce 120,000 refrigerators in 1984. [Text] [OW011321 Beijing XINHUA in English 1128 GMT 1 Jun 84 OW]

HUBEI INTERNATIONAL BUSINESS MEETING--Wuhan, 2 Jun (XINHUA)--An international business discussion month, sponsored by the Hubei Provincial Government, opened here Friday. On the agenda are over 100 projects covering textiles, light industry, machinery, electronics, metallurgy, chemicals, medicine, building materials and commerce. Discussions on purchasing Hubei products, providing engineering services and expanding tourism are scheduled. The provincial government has sent invitations to 600 firms in Hong Kong, Macao and foreign countries; business people from more than 20 firms have already arrived in Wuhan. The meetings will end on June 30. Hubei also held an international business discussion month last year. [Text] [OW021538 Beijing XINHUA in English 0937 GMT 2 Jun 84]

COLOMBIAN HARBOR DREDGING CONTRACT--Bogota, 25 May (XINHUA)--China will dredge Colombia's Port Barranquilla, according to a contract signed here yesterday between the two countries. The contract stipulates that the China harbors engineering company will spend four months clearing up about 3.5 million cubic meters of mud in the navigation channels of Port Barranquilla, which will be able to harbor large vessels after the dredge. Colombian Minister of Public Works Hernan Seltz Peralta and representative of the China harbors engineering company Li Zongda affixed their signatures to the contract. Chinese Ambassador Tao Dizhao attended the signing ceremony. [Text] [OW260811 Beijing XINHUA in English 0754 GMT 26 May 84]

SINO-SWEDISH PHARMACEUTICAL VENTURE--Nanjing, 6 Jun (XINHUA)--Construction of a pharmaceutical corporation, the first joint venture between China and the Kingdom of Sweden, started today in Wuxi City, Jiangsu Province. With a registered capital of 12 million U.S. dollars, the corporation, to be built according to the standards of the World Health Organization, will be the largest of its kind in China. It will produce medicines to be supplied to Chinese hospitals. The corporation will be operated by three Chinese firms and five Swedish firms. The total area of the plant will be 58,000 square meters and the floor space of the factory buildings 19,000 square meters. It is scheduled to be completed in April, 1986. [Text] [OW061930 Beijing XINHUA in English 1632 GMT 6 Jun 84]

TRADE AGREEMENT WITH FINLAND--Helsinki, 31 May (XINHUA)--The instruments of the agreement on China's hand-made textiles exports to Finland was signed here today. The accord, signed by representatives of the two countries, is part of the Sino-Finnish textiles agreement for 1983-1986, which was reached in Beijing in April, 1982. Textiles and garments are traditional Chinese exports to Finland. Last year, Finland's garment and textile imports from China totaled more than 15 million dollars, accounting for 50 percent of its total imports from China. [Text] [OW311914 Beijing XINHUA in English 1853 GMT 31 May 84]

JOINT VENTURE WITH ITALY--The (Anli) Artificial Leather Co. Ltd., Anhui's first joint venture, using both Chinese and foreign capital, was recently founded in Hefei. The company is a joint venture run by the Hefei Plastics Plant No 6, under the Anhui Provincial Department of Light Industry, and an Italian equipment company. The contract provides that the Italian factory equipment company furnishes advanced technology, formulas and equipment, including two modern artificial leather production lines, and is responsible for training technicians; while the Hefei Plastics Plant No 6 furnishes factory buildings, raw materials, workers and staff, working funds and loans. After the company begins production, it will produce 6 million square meters of superior artificial leather annually, worth 12 million yuan. It will turn in to the state 6 million yuan annually as taxes and profits. After tax payment and profit delivery to the state, the Chinese side will get 40 percent of the net profits, while the Italian side will get 60 percent of the net profits. Italy's plastic products rank fifth in the world in terms of quantity. Its artificial leather goods have very strong competitive power in international market. The establishment of the (Anli) Artificial Leather Co. Ltd., will effectively promote the development of Anhui's artificial leather and processing industries for manufacturing artificial leather suitcases, bags, gloves, shoes, and other goods. [Text] [OW190631 Hefei Anhui Provincial Service in Mandarin 1100 GMT 17 May 84]

GUANGDONG TOURIST SERVICE--The Guangzhou City China Travel Service has been restored. In addition to the premises of the former city Overseas Chinese service department, the service has acquired a building to be used as a hotel. The first phase of the hotel construction project, including room air conditioners and bathrooms, is nearly complete. Hotel decoration is underway in

the restaurant and shops and cars are being bought to form a taxi service. The work of the Guangzhou City China Travel service is mainly to receive Overseas Chinese, compatriots from Hong Kong, Macao, and Taiwan, and foreigners of Chinese origin who are visiting the city or their relatives. This service will help them to obtain visas, buy air, train, bus, and ship tickets, book hotel rooms, and contact their relatives. It will also organize groups to visit various places. [Text] [HK290004 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 26 May 84 HK]

BRAZILIAN TIMBER PRODUCTS AGREEMENT--Beijing, 26 May (XINHUA)--A Sino-Brazilian timber venture will be inaugurated soon in Brazil, the China International Forestry Engineering Corporation announced today. The Huaxi (China-Brazil) Woodworking and Trading Co. Ltd., to be run by the corporation and Brazilian industrialist Pi Wu Kuo, will produce plywood, logs and other timber products for both Chinese and overseas markets. Located in the city of Manaus, close to the Amazon River, the venture will employ 400 local people, with the Chinese corporation in charge of production and management. The corporation will buy a plywood factory and a sawmill from the Manasa Company in Manaus. [Text] [OW261201 Beijing XINHUA in English 1037 GMT 26 May 84]

CSO: 4006/570

TRANSPORTATION

TIANJIN LEADER ON OPENING TO OUTSIDE WORLD

OW181236 Beijing XINHUA in English 1203 GMT 18 May 84

[Text] Beijing, 18 May (XINHUA)--A municipal leader from Tianjin said here today that the central government's new decision to place Tianjin harbor under local jurisdiction will help speed up its construction.

In a major administrative reform, the central authorities have decided to place the harbor under dual central and local leadership, with the local authorities assuming the main responsibility. This decision will come into force as of June 1.

Previously, administration of the harbor was solely in the hands of the central authorities.

Speaking at a panel discussion on Premier Zhao Ziyang's government work report, Zhang Zaiwang, chairman of the Standing Committee of the Tianjin Municipal People's Congress, said foreign specialists will be invited to serve as advisors to the harbor administration.

Meanwhile, as one of the 14 coastal cities chosen by the State Council to further implement the policy of opening to other countries, it will open a new economic development zone where some of the special policies designed for the special economic zones elsewhere in China will be applied.

The municipal government now has the power to approve production projects using foreign loans of up to 30 million U.S. dollars.

The central government has this year earmarked 200 million U.S. dollars of foreign loans for Tianjin to buy advanced technologies from other countries.

To improve its infrastructure for the restructuring of the economy, Zhang said, Tianjin has a plan to start the construction of a number of major projects soon.

They include an expressway linking Beijing, Tianjin and Tangshan, transformation or building of several thermal power plants with a combined added generating capacity of four million kilowatts, a steel tubing plant with an annual output of 500,000 tons, and a minicar plant with a yearly output of 100,000.

The city proper and the Tanggu harbor area will each add 100,000 telephones. Two new gas works will be built to supply 880,000 cubic meters daily, Zhang Zaiwang said.

On the city's favorable conditions for expanding its economic and technical cooperation and trade with other countries, he said Tianjin is an old industrial city with a fairly complete range of industries. This plus a strong technical force it has places the city in a good position to draw foreign investment for transforming old enterprises and building new industries, he added.

Tianjin is one of the major economic centers in north China. It has petroleum, natural gas, salt, coal, terrestrial heat and other natural resources. There are wasteland, barren mountains, beaches and bodies of water that need to be developed. All these will prove attractive to foreign investors, he said.

Zhang noted that the city has experimented with various kinds of economic reforms, particularly in utilizing foreign capital, in the past few years.

By the end of last year, six joint ventures with both Chinese and foreign investment had gone into production in Tianjin. Four of them have shown marked economic results, Zhang Zaiwang said.

CSO: 4020/138

TRANSPORTATION

DEVELOPMENT OF HEAVY-DUTY TRAINS DISCUSSED

Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 2, 28 Mar 84 pp 2-3

[Article by Ma Zhiqiang [7456 1807 1730]: "Complete Technology of Heavy-duty Trains"]

[Text] At the end of 1983, on Beijing's circular railroad track, a heavy-duty train achieved success in hauling and braking tests. These tests were carried out according to China's "Complete Technology for Heavy-duty Trains." This makes clear that our scientific and technical personnel and engineers have the capability to realize the gradual modernization of China's railroad technology equipment and to initiate a new situation for railroad transportation.

"Complete Technology for Heavy-duty Trains" is listed as 1 of the 38 key scientific and technical projects to be tackled during China's Sixth 5-year Plan. Its main substance is to take the railroad's conditions for existing equipment as a basis and improve the carrying capacity of cars from 3,500 tons to 5,000 tons. This is currently being tested on the Datong to Qinhuangdao line, and after we have gained experience, it will be gradually promoted on other key lines. Afterwards, on this basis, we will further improve technology; it is estimated that in the early 1990's, the transporting of coal on special lines with heavy-duty trains will develop to a new stage.

The transporting of 90 percent of the coal by our Coal department is done by rail. The volume of coal transported constitutes 40 percent of all freight transported by rail. Currently, the transport capability of the railroads cannot come close to meeting the demands for transportation. We must solve this contradiction and develop the heavy-duty railroad transportation that is found so effective abroad. We have already placed the modernization of China's railroads on the order of the day.

From a current view of China's railroads, on a fairly long 850-gauge track with a restricting 4% slope, the average weight of a freight car does not exceed 3,500 tons. If we use the Shaoshan electric locomotive to pull C 62A model freight cars carrying 60 tons and put this on a circular track, the amount pulled can be increased to approximately 4,500 tons. Further raising the weight of the cars is a task that must be solved by developing heavy-duty trains.

"Complete Technology for Heavy-duty Railroads" is a comprehensive scientific and technical problem involving railways, coal mines and ports. Yet with regard to railways, we must solve such advanced technical equipment problems and such problems in methods of transportation organization as engines, trains, brakes, layout of lines, marshaling supervision, signal communications and comprehensive transportation experiments. Altogether there are 24 projects, covering 41 subject. There is a total of 39 units subordinate to the Ministry of Railways including graduate schools, research institutes, railroad offices, factories, planning institutes, survey and design institutes, engineering offices and colleges and universities that are tackling the key tasks. In addition, departments outside of the railroad such as the coal, communications, metallurgical, hydroelectric, chemical and machine departments are coordinating to tackle key problems. Up until the present, with the support and urging of the relevant ministries and commissions of the State Council and with the aid of all departments, the technology for 5,000-ton heavy-duty trains is basically complete and we have comprehensively started to tackle key problems and have achieved success.

1. With respect to locomotives, we will use new models of electric and diesel locomotives with highly efficient pulling power, low energy consumption and great transport capabilities. The new-model locomotive that is being developed is the Dongfeng 8 diesel locomotive with 4,500 horsepower. Its 16V280 diesel engine has already been installed and has undergone a 100,000-km safety test. The 8,000-horsepower, 8-axle Shaoshan-4 electric locomotive has already undergone technical design and planning and has been up into trial production. The 2,000-horsepower Dongfeng-7 diesel locomotive has been tested at the Fengtai West marshaling yard and is undergoing a technical appraisal.

2. With regard to trains, we will use heavy-duty, large-size freight cars hauling more than 6 tons. Using fairly long 850-gauge tracks, we must meet the needs of heavy-haulage transportation, improve the brakes of the trains and develop a reduced-model freight car. The existing C 62A freight car is using new technology for transformations and is using high-strength Number 13 couplings and Number 2 buffers that protect against pounding and offer good protection against vibration. Its brake system has also been replaced; it uses such new equipment as the improved-model 103 air distribution valve, high friction-resistance brake shoes, 10-inch brake cylinders and regulators for the gap in brake shoes. In addition, we have already successfully developed the heavy-duty, 61-ton C 61 cut-down open coal freight car; its length (the distance of the wiring of two cars joined together) is 11,938 mm, 1500 mm shorter than the heavy-duty 60-ton C 62A freight car. This then causes the weight of the train on each meter of track to be raised from 6.1 tons for the C 62A to 7 tons. On 850-gauge track, the weight of the trains can be raised to 5,400 tons. This is a result of the creative work of the railroad's scientific and technical personnel. Sixty of these new freight trains have been trial-manufactured.

The first test we also used concerned the ability to distinguish between the two types of stains. The test was conducted by having a group of 10 subjects (5 males and 5 females) view a series of 10 photographs of stains. The first 5 photographs were of the same type of stain (e.g., blood) and the last 5 were of a different type (e.g., semen). The subjects were asked to identify the type of stain in each photograph. The results showed that the subjects were able to distinguish between the two types of stains with a high degree of accuracy.

... of tests on ... In the future we still plan to organize an experiment ... trains from dating to ... and further assess the ... of trains, the suitability of loading and unloading ... the stability of the layout of track and the style ... and management, the efficiency of transport ... results. Through an analysis of the results of these experi- ... we will work out measures for launching heavy-duty trains. After- ... to carry out tests for the first year in production. At ... time, we will study and readjust the organization and management ... railroad transportation, improve the loading, unloading and ... of coal mines and ports and solve such problems as ... transport and unloading capabilities.

The fourth projects of "Complete Technology for Heavy-duty Trains" are ... innovation for the modernization of technical rail- ... and modernization of transportation organization. The ... will have a great effect on improving the transport capability ... the transport of coal but also have great ... for the scientific and technical development of China's ... will have a profound influence on China's four modernizations.

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TRANSPORTATION

CONSTRUCTION OF GUANG-MAO RAILROAD DISCUSSED

Beijing TIEDAO ZHISHI [RAILWAY KNOWLEDGE] in Chinese No 2, 28 Mar 84
pp 14-15

[Article by Qi Yaokun [4359 5069 0981]: "Guangdong Province's Large Yunfu Sulphur-iron Mine Is One of China's Key Construction Projects; We Are Specially Continuing Construction in Order to Coordinate the Building of the Mine"]

[Excerpt] Guangdong Province's Guang-San [Guangzhou-Sanshui] railroad, as people know well, is an old railroad line. However, the construction of the Guang-San line that continues westward in the form of the as-yet-unfinished Guan Guang-Mao [Guangzhou-Maoming] railroad is perhaps unfamiliar to most readers. This article introduces the history of the construction of the Guang-Mao railroad and explains why it must be continued westward and the circumstances of its construction.

The Evolution of the Construction of the Guang-San Line

The 358-km Guang-Mao railroad stretches across southwestern Guangdong Province. It starts in Guangzhou in the east, extends to Maoming in the west and is composed of the three stretches of Guangzhou to Sanshui, Sanshui to Yaogu and Yaogu to Maoming. The Guang-San line is an eastern stretch.

In 1889, under the threatened aggression of big-power imperialism, the Qing government was forced to hand over their rights for the construction of the Yue-Han railroad to the U.S. for loans. The U.S. decided to build a feeder line on the southern stretch of the Yue-Han railroad from Shiweitang on the opposite shore of the Zhu Jiang in Guangzhou. In 1901 (the 12th month of the 27th year in the reign of Guangxu), construction started on the Guang-San line. Afterwards, the stretch from Foshan to Shanshui was built; it is 49 km in length and has intermediate stations at Sanyanqiao, Shaobian, Qicha, Foshan, Jiebian, Luocun, Shangbo, Xiaotong, Shishang, Zoumaying and Xinan. Construction was completed in October 1903.

In 1903, the movement for regaining power from the leaders of the national bourgeoisie commenced, and it proposed to manage the railroad. The first specific action was to demand abrogation of the contract struck with the

U.S. and to restore the autonomy of the Yue-Han railroad. Under the fierce demands of the people of Hubei, Hunan and Guangdong Provinces, in August 1908 the Qing government finally reached an agreement with the U.S. side. They abolished the original contract and returned the authority for the construction of the Yue-Han railroad to China so that the Guang-San railroad could be self-governing.

The Shiweitang station was the first on the Guang-San line. The first train from Guangzhou originated from the Shiweitang station. On the day that the line was opened--14 November 1903 (29th day of the 9th month in the reign of Guangxu)--Governor-General Cen Qinxuan of Guangdong and Guangxi cut the ribbon at the grand opening. At that time, the appearance of a train was an odd event, and the peasants on the route rushed to the railway to take a look: it was an extremely lively scene.

When the Shiweitang station was originally built, it had only two tracks and the station building was exceedingly crude. After liberation, the station was expanded. It has an area of 2,200 square meters and a total of four tracks. Currently, 8 passenger trains set out from opposite directions every day and transport an average of 8,000 passengers a day and 14,000 a day on holidays. Approximately 430,000 tons of freight per annum are transported. This has developed into a busy passenger and freight station.

In the past few years, we have carried out technological transformations on the railway of the Guang-San line and have improved the technological circumstances. The main technological transformation is the increase of the radius of the curve, extending and easing up the curve and expanding the smallest radius from 200-300 meters to more than 600 meters. The roadbed in some areas is low, and often due to flooding, the road becomes submerged and the trains are affected. For low-lying regions, we raised the roadbed and avoided the dangers of flooding, even to the point that trains will not be affected by even one flood every 100 years. At the same time, we have also replaced rail. We replaced rail weighing 43 kg per meter with rail weighing 50 kg per meter, used 25-meter-long rail to replace 12.5-meter rail, and for certain regions, we used heavy-duty rail weighing 60 kg per meter, etc. A few of these technological transformations have been completed, and they will all be completed by 1986.

We Continue to Build the San-Yao Line

As early as the 1950's, we planned to extend the Guang-San railroad westward to Maoming and to make it become an important route in southwestern Guangdong Province. In 1955, we built a railroad connecting Litang and Zhanjiang and extended a railroad into Guangxi Zhuangzu Autonomous Region. During the period of the "Great Leap Forward" from 1958 to 1960, we started construction on a number of projects such as the Bei Jiang Bridge at the Mafang ferry of Sihui County and other bridges. Later, due to the reduced capital construction, building was abandoned and was not continued for many years.

The San-Yao stretch of railroad is in the middle section of the Guang-Mao railroad. In the east it connects the southwestern stations on the Guang-San line and in the west it extends to Yaogu in Yunfu County. It is 92 km in length and passes through Sihui, Zhaoqing, Gaoyao and Yunfu counties. This stretch of railroad is situated on the fringe of the Pearl River boundary, there are numerous rivers running through and there are high temperatures and plenty of rain. Along the route we must build 11 stations, 29 large and medium-size bridges, 18 small bridges, 6 tunnels and 342 culverts. In 1977 we started construction, and by the end of 1983 the large-size construction project of the Bei Jiang Bridge (1,377 meters long) was basically completed. Constriction on the Xi Jiang Bridge in Zhaoqing (1,631 meters long) will be completed in 1984. Construction of the whole line was started in July 1983, and construction will be completed and the line will be opened in the first half of 1986.

The San-Yao railroad was opened mainly to develop Yunfu's sulphur and iron mines. Yunfu County is in western Guangdong Province and on the southern shore of the Xi Jiang. Within its borders are abundant iron sulphite mineral resources. It has the largest deposit of iron sulphite found in any mine in all of China. The sulphur-bearing content is also very high, and it is of world-class grade. It is an important material that is needed by China. In Yunfu County's construction project for mining iron sulphite ore, we plan to produce 3 million tons of ore and 1.5 million tons of ore dressing per year; this is 1 of China's 70 key construction projects. The special railroad that branches off from Yaogu and extends to the mine area is 31.9 km in length and is planned to be built at the same time as the San-Yao line. During the building of this stretch of railroad, the technological transformations of the Guang-San railroad will also be completed. At this time there will be a great increase in the volume of transportation, and every year 2.4 million tons of iron sulphite ore will be transported via railroad to chemical plants in every region. This will greatly reduce the importation of iron sulphite.

The Yao-Mao line is on the western stretch of the Guang-Mao railway. It extends westward from Yaogu 227 km to Maoming, passing through Xinxing, over Yunwu mountain, through Yangchun and Guanhe. This stretch of railroad underwent survey and design from October 1974 to the end of 1975, and only afterwards could construction commence. The opening of the entire Guang-Mao railroad not only can accelerate the opening up of the transport from the Yunfu iron sulphite mines but will also have a great impact on changing the backward appearance of communications in western Guangdong Province and on developing economic results and the tourist industry.

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SHIJIE JINGJI ON ECONOMIC REFORM IN BULGARIA

HK231029 Beijing SHIJIE JINGJI in Chinese No 3, 10 Mar 84 pp 63-67

[Article by Zhang Ying [1728 4481] of the Soviet Union and East Europe Research Institute of the Chinese Academy of Social Sciences: "New Developments in Bulgaria's Theory on Reforming the Economic System"]

[Text] Since the 1950's, Bulgaria, like other East European countries, has been carrying out reforms to its system of economic management. The overall trend of Bulgaria's reforms covers areas from the simple extension of management and administrative powers to reforms of the economic mechanism. The sphere of these reforms has developed from material production sectors to nonmaterial production sectors. The major characteristics of the present economic system in Bulgaria are: 1) expanded enterprise autonomy up and implementing plans, while upholding the principle of collective planning and management; 2) thorough implementation of economic accounting and individual responsibility for profits and losses in enterprises so as to ensure that enterprise revenue and workers' wages are related to the final results of labor; 3) reduction in the powers and authority of various sectors of the central authorities, readjustments of the relations between various sectors of the government and social and economic organizations, and a gradual implementation of the principle of "state-society" and "society-state"; and 4) gradual eradication of unified methods of allocation of goods and materials and the setting up of a viable price system, and so on. One important factor which is helping Bulgaria take fairly large steps in its economic reforms is the series of new developments in theoretical areas of fundamental economics in Bulgaria. Since the 1970's in particular, Bulgaria has proposed many new theoretical views and guiding principles for reform and these have touched on some fundamental questions in the theory of socialist economics. This article intends to give a brief introduction to, and explanation of some changes in Bulgaria's views concerning the following three basic theoretical questions.

1. Concerning the Types of Economy in Socialism

Like other East European countries the aim of the reforms to the economic system in Bulgaria is to fully mobilize the enthusiasm of the producers (the enterprises and the workers), and to improve economic results. When we look at the series of reform measures which Bulgaria has proposed, we see that they are basically aimed at overcoming the stultifying unity and centralization of the old system

and readjusting relations between the state and the enterprises, the enterprises and the workers, and among the enterprises themselves. What these readjustments actually mean are a better utilization of commodity currency relations and the fundamental law of the commodity economy--the law of value, to readjust the relations of interest between these various groups. This touches on one of the fundamental questions in the theory of socialist economics, namely whether or not the socialist economy belongs to the commodity-type economy or whether socialist production is not commodity production, and whether or not commodity currency relations exist within the socialist economy with the system of public ownership of the means of production. Today there are very clear changes in Bulgaria's view of this basic question when compared with the country's attitude during the 1950's, and these changes have provided the vital theoretical basis for the present system of management.

In the past, Bulgaria believed that commodity production was not innate in socialist economics but rather that it was an alien product left over from the old society and that as far as the essential nature of the socialist economy was concerned, it was not a commodity economy. The reason some commodity production and some commodity exchange still existed under socialism was because there were still two forms of the public ownership of the means of production, namely state ownership and collective ownership (known in Bulgaria as cooperative ownership). Expansion of the sphere of commodity circulation was contradictory to the development of the socialist economy, and the means of production did not fall within the category of commodities, instead there was only planned allocation and transferal. It was felt that the role of the law of value should be limited and that it could not play a regulatory role.

The present views in Bulgaria are: 1) that socialist production is commodity production and that under socialist conditions, commodity currency relations play an objective role and they are innate characteristics of socialist production relations. In his report on 29 March 1979 to the inaugural meeting of the national agricultural and industrial alliance, Zhivkov said: "Commodity currency relations in the socialist system differ in their essential nature from the commodity currency relations of a capitalist society. However, commodity currency relations do exist." Commodities, currency, production funds, and other economic categories are not simply concrete things, they are also the manifestations of specific production relations. These production relations are by no means things which are incompatible with the socialist system, rather they are an integral part of the socialist system." In January 1982, Grisha Filipov, chairman of the Bulgarian Council of Ministers, went on to point out at a conference for national economic leaders: "Socialist production is commodity production and, under socialism, commodity currency relations are playing an objective role. They are not features external to socialist production relations, rather they are innate features of socialist production relations. Our economic organization represents the socialist commodity producers. They can only exist and develop by directly linking up with domestic and overseas markets and relying for revenue on their own commodities." Hence, "we must use economic methods to guide and manage the entire system of reproduction."

1) Because the socialist economy has this commodity aspect to it, it is vital that the law of value and economic levers are put to full use. The new party program ratified at the 10th National Congress of the Bulgarian Communist Party Central Committee in April 1971, stated: "In a communist society in the future, it will be impossible for commodity and currency relations to exist and these relations will wither away. Before this society is realized, the party holds that it is necessary to fully utilize these relations and perfect, in the light of their new connotation under the socialist conditions, the economic accounting, currency, prices, costs, profits, trade, credit, finance, tax, foreign exchange, bonuses and other spheres of work that have something to do with these relations." At the opening of the 12th National Congress of the Bulgarian Communist Party in March 1981, Zhivkov said: "During this stage in which we are constructing a mature socialist society, the commodity nature of production must exist. Hence we must make full use of commodity currency relations according to the new features of commodity currency relations and at the same time we must perfect relevant economic levers linked to currency relations, such as economic [words indistinct], foreign currency, and bonuses. These have thus become objective requirements. To ignore the significance of commodity currency relations and to make irrational and incomplete use of these relations means to rely only on administrative commands." During his talks in 1982 with the director of Britain's Pergamon Publishing Company, Mr Robert Maxwell, Zhivkov said: "During the present developmental stage of the socialist society, commodity currency relations and the economic levers linked to them do exist.On this basis we must thoroughly implement economic accounting and its core--the thorough implementation of the principle of individual responsibility for profits and losses in all organizations, all enterprises, and all economic and social activities."

2. Concerning the Utilization of Styles of State Ownership

One of the basic characteristics of the economic reforms in Bulgaria is the expansion of autonomy for state-run enterprises so that the enterprises may become independent commodity producers, implementing the principle of individual responsibility for their profits and losses. This then touches on another important question in the theory of socialist economics, namely our understanding of the socialist system of ownership and utilization of state ownership as one of the styles of socialist ownership. According to traditional schools of thought the system of state ownership is a high form of socialist style of ownership whereby the state, on behalf of all the people, has total control over all state enterprises. Enterprise personnel, finances, materials, supplies, production, and marketing are all organized in a unified way by the state, on the basis of the interests of all the people. Hence, expanding the autonomy of enterprises under the system of state ownership and getting them to implement self-responsibility for profits and losses so that they become independent management bodies, means in actual fact that the system of ownership by the whole people incorporates to an extent the system of collective ownership of enterprise laborers, and thus this is almost a step backwards.

Over recent years, Bulgaria has rejected the traditional view that the state has the rights of ownership, command, and management over state-run enterprises, and instead it has proposed the theory of the indivisibility between socialist rights of property ownership and management rights. This theory has become a theoretical basis for building and perfecting a new economic system in Bulgaria.

In close connection with the theory of state ownership, the reforms also touch on evaluations and assessments of the two types of socialist ownership and the question of the level, mental direction of these two types of ownership in the future. In concrete terms, Bulgarian views have changed in the following ways:

In the past, but still believed that of the two types of socialist ownership, state ownership was the higher form and that it was also an important form of the system of public ownership since it fully expressed the principle of socialist public ownership, the products of state-run enterprises were part of the state property and they had to be marketed according to the channels and formalities stipulated by the state organizations. The system of collective ownership was considered a low form of socialist ownership. The extent of public ownership of production, the style of organization of production and the style of management, and product marketing were all lower than under state ownership. The prospects for the development of the two types of ownership were: That the low form of collective ownership would "catch up" with the high form of state ownership as the latter developed.

Today, Bulgaria's leaders reflect:

ownership itself is not immutable and frozen. It has experienced and will continue to experience fundamental qualitative and quantitative changes." The party program ratified at the 10th Bulgarian Party Congress in March 1971 stated that "both state ownership and cooperative ownership must develop, be perfected, and enriched."

2. That the system of collective ownership also has its advantages and that enterprises under state ownership should absorb these advantages. In the party program ratified at the 10th Bulgarian Party Congress in 1971, it was outlined that "all the positive aspects of the system of collective ownership have made consistent and thorough use of the principle of individual responsibility for profits and losses, the principle that the individual income of each worker is closely linked to the ultimate fruits of their labors, and the principle that workers participate in production management, and that leading cadres be selected, and so on." In his report to the plenary session of the Bulgarian Communist Party Central Committee on 29 April 1970, Zhivkov said: "As we establish a new form of agricultural and enterprise organization represented by the comprehensive agricultural and industrial body, we must, regardless of differences in the system of socialist ownership of the means of production, try to preserve the following things: continued development of the active nature of production cooperatives (agricultural labor production cooperatives are built on the basis of these principles), and in particular the principle of democracy, the principle of selection of leading bodies, the principle of material interests and so on." The famous Bulgarian economist Zha Ke: a luo yue [2089 0344: 7093 5012 4766] believes that as far as the management system is concerned "cooperative ownership has considerable independence and independent autonomous powers. Cooperative enterprises enjoy considerable and direct democracy."¹

3. In the process of establishing a mature form of socialism, the result of development in both forms of socialist ownership is not that cooperative ownership "catches up" with state ownership, but rather that they learn from each other and approach each other, mixing together and enriching one another, so that in the end they merge into one system of ownership by all the people. In talks with a French reporter on 15 March 1975, Zhivkov pointed out: "Our economy is developing in two major forms: the socialist state-run economy and the socialist collective economy. These two forms are gradually approaching one another and they are mutually enriching each other in content and form. The result of their mutual rapprochement and mixing is: That they will develop into a unified system of ownership by all the people." At the national conference for party, government, and economic activists on 24 October 1981, Zhivkov said: "The form of socialist ownership is by no means solid and fixed, rather it is constantly changing and developing. On the other hand, state ownership and collective ownership will gradually move towards each other and we will see a process of mutual mixing and mutual enrichment. The result of this will be that these two forms of ownership will inevitably merge into a single unified system of ownership by all the people. This is an inevitable

1. Taken from the Bulgarian ECONOMIC LIFE WEEKLY 15 September 1982.

developmental trend." The party program states that "the constant development and perfection of state ownership and collective ownership and their mutual mixing and mutual enrichment will gradually develop so that they approach and merge to form a unified system of ownership by all the people."

4. This rapprochement and merging of the two forms of socialist ownership mainly implies a gradual unification of the two socioeconomic components in terms of production methods, the form of production organization, enterprise management methods, the structure of enterprise funds (including consumption funds), and the methods of distribution. The "Seventh 5-Year Plan" ratified at the 11th National Congress of the Bulgarian Communist Party Central Committee (1976-1980), which outlined the basic principles of social and economic development, stated that the main areas of perfection of the two forms of ownership are: 1) "That we continue to ensure that the two major forms of socialist ownership move together and merge to form one unified production fund system of ownership by all the people"; and 2) "that within the sphere of the two forms of socialist ownership, the styles of management, administration, plan outlining, quota outlining, credit provision, loan provision, and price fixing see further rapprochement..." The party program points out that "state ownership and cooperative ownership will become closer as the extent of public ownership increases and as the division of labor becomes more rational and perfect. The dialectical process of mutual mixing and mutual enrichment between the two forms of ownership will continue to constantly develop. State ownership participates in the development and perfection of cooperative ownership, and likewise, cooperative ownership will also develop by participating in the process of perfection of state ownership. Styles of economic organization, styles of production and management, styles of revenue distribution, and levels and styles of supply and demand within social production departments under state and cooperative ownership will become closer and closer. The management of enterprises under cooperative ownership will make use of some positive aspects to be found within the system of state ownership, such as the advantages of the system of centralized planning, respect of labor discipline and the system of the one man leadership, while the management of enterprises under the system of state ownership will absorb and continue to develop positive aspects found within the system of cooperative ownership, such as the advantages of the consistent and complete utilization of the principle of individual responsibility for profits and losses, the principle of linking the income of the individual to the fruits of the ultimate labors of the workers, the principle of getting workers to participate in production management, the principle of selection of leading cadres, and so on." "Promoting industrial methods and increasing the mutual role of both state and cooperatively-owned economic units in production and agricultural management will gradually lead to the development of the entire economy of the country as a complete national economic mechanism and it will also lead to a unity in the relations between planning, pricing, finances, credit, product marketing conditions, distribution of revenue, wage organization, and budgeting."

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